

EUROPEAN NEWS

French steel workers burn down company HQ in jobs protest

BY TERRY DOOSWORTH IN PARIS

RAMPAGING FRENCH steelworkers have burned down the state-owned headquarters of the main steel subsidiary of the nationalised Usinor group as tension mounts over planned rationalisation in the industry.

The destruction of the chateau, which housed the head office of Societe des Aciers Speciaux de la Chiers, is the latest incident in a series of vigorous and sometimes violent demonstrations against the re-organisation policy.

While sporadic disturbances have broken out throughout the big northern steelmaking areas, the main trouble spots lie in the east of France in the heavily industrialised belt running south from Longwy.

The plans outlined by the two companies aimed at stepping up productivity while stabilising France's production at around the present level of 22m-24m tonnes a year.

PR voting re-introduced for municipal elections

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday decided to introduce a limited system of proportional representation into municipal elections.

The intention is to preserve the stability of majority rule in municipal councils while ensuring that parties which obtain a minority of votes none the less have some influence over municipal affairs.

In practice, the Socialists and Communists are hoping to gain a foothold in small towns and rural municipalities where the Right traditionally has been dominant.

Vatican bank links with Ambrosiano to be examined

BY RUPERT CORNWELL IN ROME

THE VATICAN has appointed a team of three "wise men" to examine the tangled relations between Istituto per le Opere di Religione (IOR), the bank of the Holy See, and Banco Ambrosiano, whose chairman, Sig. Roberto Calvi was found dead in London last month.

The announcement yesterday ends the Vatican's official silence since embarrassing details became known of its involvement with Ambrosiano, now in the hands of three Bank of Italy commissioners.

It is also the first time that the Holy See has conceded publicly the need for an impartial investigation of the IOR.

The three men are Mr Joseph Brennan, former head of the Enlarged Savings Bank of New York, Mr Carlo Cerutti, a senior executive of STET, the Italian telecommunications group, and

Investigations by the British police suggest that Sig. Roberto Calvi, late chairman of Banco Ambrosiano, hanged himself, writes Duncan Campbell-Smith from Milan. This runs contrary to widespread speculation that he was murdered.

He resigned recently from the board of the Nasdaq-based Ambrosiano Overseas Limited, previously chaired by Sig. Calvi himself.

The move is being seen widely as the first step towards the possible removal of the controver-

that Sig. Calvi could not have been dragged before his death. An earlier autopsy by Professor Keith Simpson, found no sign of any physical struggle beyond a single rope mark on the neck, caused by hanging.

Few people in Italy, however, appear ready to let any written report—let alone a negative one pointing towards suicide—influence their views on the matter or their conviction that Sig. Calvi was murdered.

The phrasing of yesterday's announcement suggests that the

The bulk of this sum was represented by loans advanced to companies based in Panama and elsewhere and associated with the Vatican.

These, in turn, were largely covered by "letters of patronage" issued by the IOR. It is alleged, however, that Sig. Calvi simultaneously issued a separate letter absolving the Vatican bank from responsibility for the money.

The three "wise men" will also be hoping to throw light on whether these front companies used the money they borrowed to buy shares in Ambrosiano, making the Vatican a much more important shareholder than suggested by its declared stake of 1.58 per cent.

They will also want to discover whether, as widely alleged, the IOR is an important minority shareholder in

Ambrosiano's Luxembourg holding company, a pivot of the group's foreign operations, in which the Milan Ambrosiano had a controlling stake of 68 per cent.

Meanwhile, large banks represented in the Italian Banking Association (ABI) yesterday declared themselves ready to increase the banking system's support for Ambrosiano. This would extend the "safety net" which six banks agreed to make available last weekend after talks with Sig. Carlo Ciampi, governor of the Bank of Italy.

AP-DJ adds from Luxembourg: The Luxembourg holding company Banco Ambrosiano Holding, a subsidiary of Banco Ambrosiano, has filed for relief from creditors in a move to avert bankruptcy, a spokesman for the Commercial Court said.

Party crisis deepens in Spain

By Robert Graham in Madrid

THE crisis in Spain's ruling Union De Centre Democratico (UCD) deepened yesterday when it failed to find a quick solution to its leadership problems following the resignation of Sr Leopoldo Calvo Sotelo, the Prime Minister, from the post last week.

A solution had been expected on Monday night, but a meeting of the 230-strong political committee of the UCD broke up inconclusively and met again yesterday—apparently making little progress.

There are signs that the new candidate for the leadership, Sr Landelino Lavilla, Speaker of the House of Parliament, is having "second thoughts".

Sr Lavilla assumed the party leadership at the weekend, but insisted that if and when there should be a Cabinet reshuffle, he demanded that in return for accepting the leadership, UCD should give him wide-reaching powers to control party discipline and to bring in his own nominees to the party secretariat.

At the same time, supporters of Sr Adolfo Suarez, the former Prime Minister and party leader, are still fighting a rear-guard action to retain influence.

Sr Suarez has refused to attend any of the meetings, and his supporters have been playing hard on the threat of his breaking away to form a new party.

This has caused considerable confusion

Feasibility study of 'two-speed' Community

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN COMMISSION is soon expected to begin studying the feasibility of developing a "two-speed" European Community in which member states would be allowed varying degrees of participation in common policies.

Many British anti-marketisers would prefer a looser arrangement for the UK and over the last three years some French Ministers have commended it as a way of dealing with the problems caused for the Community by British membership.

Now that France is raising public doubts about the wisdom of bringing Spain and Portugal into the EEC, the "two-speed" Europe idea is seen within the Commission as a possible means of embracing the two countries without compromising the Community's fierce political and financial policies.

The desirability of the study was discussed at a closed informal meeting of the Commission outside Brussels last weekend. As a result, President Gaston Thorn, who specialises in public lament on the current

state of the Community, is expected to form an internal working party to examine the problems.

At the weekend meeting, Sig. Antonio Giolitti, the Commissioner for regional policy, presented his "reflections" on the Community's difficulties and how they could worsen through enlargement.

Viscount Etienne Davignon, one of the Commission's senior figures, is believed to have argued strongly for "differentiated policies", which do not embrace all member states.

Many other Commissioners remain sceptical, however, and Mr Christopher Tugendhat, the Budget Commissioner, is said to have emphasised the enormous practical difficulties involved in running the Community along these lines.

Supporters of the idea betray both a nostalgia for the simpler days when the EEC had only six members and a fear for the consequences of numbering 12, particularly when three of the new members, Spain, Portugal and Greece are so much less economically, in-

dustrially and socially developed than the rest.

But the "two-speed" idea is attractive for a head-headed financial reason: since a Community of 12 will require a much larger budget which will change some of the present advantages of membership for countries such as France, the Benelux and Denmark.

The Commissioners agreed at the weekend to aim to present some proposals on new financing for the EEC budget at around the turn of the year.

EEC inches towards consolidated group accounting

BY OUR BRUSSELS CORRESPONDENT

SIX YEARS, two months and eight days after it was first delivered to the Council of Ministers, the proposed seventh EEC directive on consolidated group accounts has at last received its "first political scrutiny" by ministers. They were unable to agree on anything and sent it back for further discussion by officials.

This is a relatively normal pace for complex harmonisation measures proposed by the European Commission.

Despite this week's thoroughly inconclusive study by finance ministers, some officials think it may be adopted next year.

The aim is to set a standard requirement for consolidated accounts for groups of companies in the EEC, including those controlled from third countries. However, much compromise will be needed to seal up an agreement next year, not least because Luxembourg is arguing what it believes to be a threat to its status as an

offshore financial centre. Its Government has made it quite clear that financial holding companies of the type that proliferate there must be excluded from the scope of the directive. The Commission and all other delegations oppose such total exemption on the grounds that it would undermine the harmonisation effort severely.

The Italian delegation was heard to refer on Tuesday to the current troubles of the Banco

Ambrosiano, whose holding company is based in Luxembourg, as underlining the need for greater transparency in the finance company sector.

Luxembourg is also alone in objection to the requirement for the compulsory consolidation of accounts where a company has legal power of control over another company, regardless of whether or not that control is effectively exercised. Most Governments agree that effective control is too vague a

criterion. Broader disagreements are manifest among member states on other aspects of the scope of the directive and could take months to settle. Eventually Ministers will have to grapple with the difficult issue of whether U.S. parent companies should be required to produce special consolidated accounts for the EEC. This proposal is generating heated opposition from U.S. business.

Walter Ellis in Amsterdam reports on national anxiety about Cruise missiles. Dutch face autumn of nuclear discontent

LAST-WEEK the City Council of The Hague, seat of government of the Netherlands, issued a solemn declaration ending seven months of often fractious debate on nuclear weapons. The Mayor and Aldermen announced that, following a vote, their city was now a nuclear-free zone in which no nuclear weapons could be deployed and through which none may be transported.

Quite what notice the Government would take of such a ban in the event that it cut across its own policy on the subject is difficult to say. But the Netherlands being the Netherlands, it is quite possible that the Prime Minister and his Cabinet colleagues would feel obliged to take it seriously. Certainly it is indicative of the mood of the Netherlands today, which is one of almost paranoid uneasiness about the whole subject of nuclear weapons, coupled with a reluctant admission that Moscow is doing nothing to cut back on its own nuclear armory.

The Dutch want there to be no nuclear weapons at all. Failing that, however, a majority seems to believe that they should be kept away from the Netherlands, so that the defence can be maintained at minimum risk to the population.

President Ronald Reagan's Administration refers to this disease as "Hollanditis", and West Helmut Schmidt, West Germany's Chancellor, last week travelled to The Hague with a message from Nato for Mr Dries van Agt, the Dutch Premier, calling on him to do something at once to remedy the situation.

Sitting in the heart of what was, by then, a nuclear-free zone, the two leaders agreed that a decision on the deployment of U.S. Cruise missiles in the Netherlands—agreed within Nato in 1979—was by now a matter of urgency. Mr van Agt undertook to get things moving, but immediately restored his traditional ambivalence on the subject by stressing that what was required was "an accord on the exact moment for a decision and the criteria to be applied".

The Hague's city fathers must have nodded their approval. Mr van Agt, normally a resolute man, was left with little choice in the matter. Personally, he is known to feel that the Netherlands must accept its allocation of 48 Cruise missiles, if it is to uphold its integrity within Nato and play its part in deterring Soviet aggression.

A strong Prime Minister, however, cannot create a majority in Parliament when many MPs of all parties are unwaveringly opposed to nuclear weapons and practically everyone is unwilling to take a decision. He has got to stall. If he wins the general election on September 8 in tandem with his chosen partners, the right-wing Liberals, things could become easier.

Even then, though, the Labour party would vote against them and so would many members of his own Christian Democrat party and the smaller Democrats '66. A defeat in Parliament on such a vital issue would not bode well for the new administration.

Last year, after the previous general election, a rickety coalition was formed of Christian Democrats, Labour and Democrats '66. It was put together on the understanding that an agreement not to agree had been made on the issue of cruise missiles, but such an accord, while eminently satisfactory to the Dutch, cannot be repeated after September, when Washington as well as Bonn can be expected to press hard for a date for deployment. It may hurt, but realisation of this fact is dawning and there are groupings towards some sort of consensus.

What are the signs? Politically, the line-up is as follows:



Anti-nuclear demonstrations attract large numbers—here Dutch soldiers participated in a peace march by over 300,000 people in Amsterdam last November

the Christian Democrats are mainly in favour of the missiles, but with some 30-40 per cent of their number against. Democrats '66 is opposed, but would probably reconsider if the current arms-reduction talks in Geneva fail. The Liberals are for, with only a handful of dissenters, and Labour says no missiles at all price.

Just as important, though, is the state of public opinion, which makes itself felt in the Netherlands both in the streets and by means of well-organised and influential groupings.

Anti-nuclear demonstrations, especially in Amsterdam, attract large numbers of people

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Anti-nuclear demonstrations, especially in Amsterdam, attract large numbers of people

an estimated 400,000 turned out for one last year—and there is always a serious risk of clashes with the police, which can be bloody. Governments cannot easily prevent this factor 400,000 protesters do not constitute a democratic majority but their direct action is difficult to control and therefore persuasive.

Mr van Agt has to ask himself what might happen in the towns and cities of his essentially well-ordered nation if half a million or more determined demonstrators—most of them young and well-educated—declared themselves totally opposed to letting a cruise missile cross the frontiers of the Netherlands. He knows there would be trouble, and a battle over peace is something he is understandably anxious to avoid.

Away from the streets are the six major Dutch peace organisations: the Humanist Peace Council, the Inter-Church Peace Council, the Roman Catholic Pax Christi movement, the Stop the Neutron Bomb movement, Women for Peace and Women Against Nuclear Weapons.

Last month, this formidable array of pressure groups, including intellectuals, artists, scientists and students as well as religious leaders of all denominations, called jointly for an unequivocal Dutch rejection of Nato's plans for the Netherlands. Their statement was handed to Mr van Agt as he entered a meeting on East-West relations and can have done nothing to bolster his confidence for future meetings with Alliance leaders.

Desperately looking for room to manoeuvre, the Premier could only tell Parliament that his government stood by a previous undertaking that no active preparations would be made for the possible siting of cruise missiles without further political consultation—at least until the elections. This broadens the wrath of the Communist Party and the Radical Party, both of which regularly win a clutch of seats, and did little to appease the Labour Party either.

Como the return, the Netherlands' nuclear missile debate should be once more in full cry, with the Right struggling to make its voice heard against a background of protest from the Left and from moderate action groups who feel the country's survival is at risk. The City Council in The Hague may feel that it has ended an important argument; another, much more furious contest, is only now getting under way.

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Green light for subway car contract in Canada

By David Lascelles in New York

MR DONALD REGAN, the U.S. Treasury Secretary, yesterday killed any hope that the U.S. Government would offer cheap finance to lure a lucrative New York subway car contract away from a Canadian supplier to a U.S. one.

He told a news conference in Washington that the Treasury had reviewed New York's highly controversial decision to award the \$683m (€382) contract to Bombardier of Canada, and had decided that it was based on more than just the Canadian Government's offer of cheap finance.

Tension in Argentina mounts over inquiry

By Jimmy Burns in Buenos Aires

ARGENTINA'S bitter post-mortem on the Falklands conflict is expected to enter a decisive stage following Britain's release of some 593 prisoners of war.

Demise of the Checker cab marks end of an era

By David Lascelles in New York

AN ERA in U.S. transportation ended this week with the demise of the checker cab, whose ungainly but spacious bulk has graced American streets virtually unchanged for 25 years.

Shultz swings into line over foreign policy at hearings

By Reginald Dale, U.S. Editor in Washington

"RONALD REGAN is the boss" With those words, Mr George Shultz yesterday signalled to Congress that he intends to be a good administration team player as U.S. State Secretary as a replacement for the ambitious and often Mr Alexander Haig.

UK to review Argentina sanctions policy

By Peter Montagnon

BRITAIN is to keep the status of its financial sanctions against Argentina under review following its decision on Monday to release nearly 600 Argentine prisoners taken in the Falklands.

It is understood that an important factor in any decision to lift the freeze on Argentine assets in the UK will be the attitude taken by the Buenos Aires government on sanctions directed against Britain, which include non-payment of interest and principal on loans granted by British banks.

Lifting the sanctions is also an essential pre-requisite to international discussions on restructuring Argentina's \$36bn foreign debt which is part of the economic policy of the new Government in Buenos Aires.

Laker's old jets could fly Reagan

By Anatole Kalatsky

THE U.S. AIR FORCE is planning to replace the presidential aircraft, two ageing 707s, and the five DC-10s which the U.S. Export-Import Bank has acquired as a result of the bankruptcy of Laker Airways.

Amid the dilemmas and contradictions of the Middle East, the U.S. had to maintain a special relationship with Israel but equally friendly relations with the Arabs, he said.

Canute James on Havana's unexpected response to Haig's resignation U.S. and Cuba back to square one

THE RECENT resignation of Mr Alexander Haig has caused some disappointment from an unexpected quarter. Some Cuban Government officials have credited Mr Haig with initiating the recent, though limited, efforts at detente between Washington and Havana, hoping for an end to two decades of mutual animosity.

It was Mr Haig who had sent Mr Vernon Walters, one of his special assistants, to Havana earlier this year, in what United States Administration officials said afterwards was an attempt to determine precisely what the Cubans wanted to talk about.

Havana was for Cuba to end its support for leftist groups in Central American countries, such as El Salvador. Cuban officials continue to insist that although they have been giving and will continue to give moral and diplomatic support to these groups, it has been many years since they have given any material help.

The Cubans were also asked to withdraw the several thousand troops and tons of military equipment they have in Africa, mainly in Angola. Further, Havana was asked to settle an old account: payment for U.S. property confiscated by the Cuban Government just after the revolution.

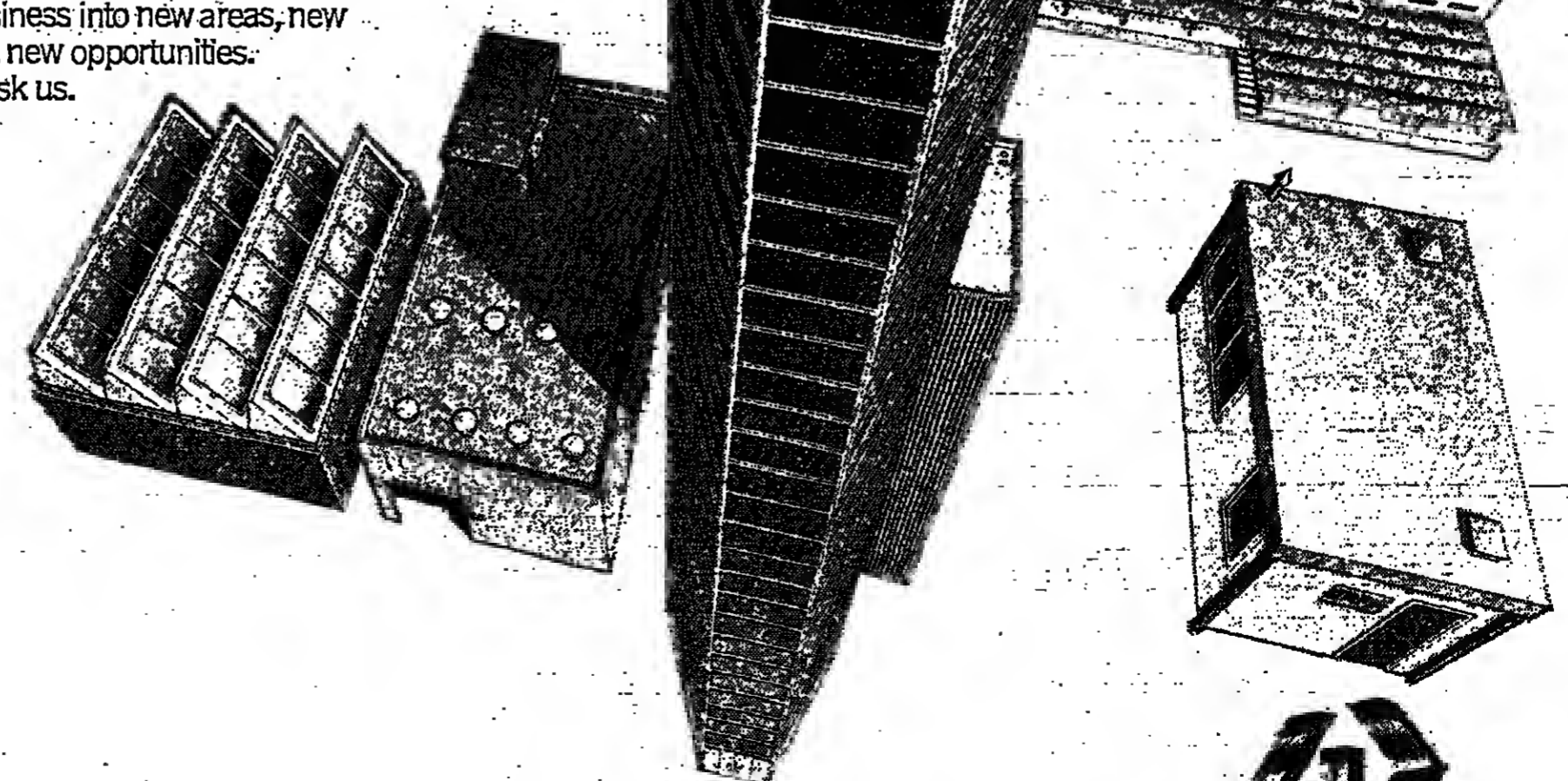
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OVERSEAS NEWS

Military and diplomatic hopes boost PLO

BY JAMES BUCHAN IN BEIRUT

FOR the past two days, the Palestinians trapped in West Beirut have been increasingly cheerful...

Israel is "disappointed" over lack of progress in the diplomatic negotiations aimed at arranging the withdrawal of the Palestine Liberation Organisation (PLO) forces from Beirut...

that the PLO has no intention of leaving Beirut and that its leaders have simply played for time by bagging over the way the evacuation would be arranged.

ing to achieve a breakthrough, "we have less and less belief that the PLO intends to leave Beirut."

Palestinian fighters, whose departure is agreed, will leave Beirut with all their weapons by land and under international guarantee.

Somalia attacks threaten regime

By James Buxton in Rome

THE BATTERED regime of President Siad Barre of Somalia faces a serious threat with the claimed capture of two central towns by the Ethiopian-backed Somalia Democratic Salvation Front (SDSF).

China intensifies attack on U.S. Taiwan policy

BY TONY WALKER IN PEKING

CHINA has renewed its strong criticism of the U.S. over its Taiwan policy in a signal that it is getting restless over apparent lack of progress in negotiations on the vexed issue of arms sales.

China News Agency, pursued a similar theme. It accused the conservative Republicans of exploiting the uncertainty caused by the resignation of Mr Haig, the former Secretary of State, in an effort to torpedo Sino-U.S. attempts to resolve differences over Taiwan.

THE ISRAELI ECONOMY

Optimism as industrial production falls by only 5%

BY DAVID LENNON IN TEL-AVIV

THE INVASION of Lebanon has caused relatively little disruption to the Israeli economy and industrial output was only down 5 per cent in June, Mr Gideon Patt, the Minister of Industry and Trade, said yesterday.

were deprived of up to two-thirds of their workers when they were called up for the army. But with key people quickly being released from duty, industrial production for the month had dipped only 5 per cent.

assumed, and the direct and indirect cost has not exceeded \$1.6bn. Even this would require Israel to impose additional new taxes on its citizens, he said.

rise above the \$800m (\$460m) earned in 1981. Despite his generally optimistic report on the state of the economy, the minister did admit that the cost involved would mean that Israel would not be able to achieve its goal of reducing inflation from last year's level of 102 per cent down to the 90 per cent targeted for 1982.

Since the invasion, Israel has tripled its exports to Lebanon, which totalled \$12m last year. However, Israel is being careful not to disturb the balance of the economy in Lebanon and has not allowed Israeli businessmen into the country.

He claimed that productivity per worker had increased by more than 3 per cent and that this, coupled with the smooth functioning of domestic and overseas transportation services, had enabled Israel to maintain the tempo of its peacetime economy and to conduct international business as usual.

During the first two weeks of the war, many factories

Mr Patt said Israel expected to raise some money by selling the huge stockpiles of weapons captured in the war. "Some countries have already made inquiries about purchasing some of the captured equipment," he said.

Israel has also offered Lebanese importers the use of Haifa port to bring in goods in bonded containers, thus obviating the need to pay Israeli import duties.

Internal opposition to Siad Barre's regime has also been mounting. The President runs the country with the backing of the Darod tribe of the Somali people, which comes from the southern part of the country and from the Ogaden.

of fire around a blockade that is not really biting? These are the questions Palestinian spokesmen pose.

Another reason for Palestinian confidence is Syria's announcement that it will not take the 6,000 or so Palestinian fighters, which not only brings Syria out of the diplomatic stage, but also reminds the world that the Palestinians have nowhere to go.

part in an international force for disengagement now amounts to a form of guarantee for their safety.

document delivered to the Lebanese on July 2, in which Mr Yasser Arafat, the chairman of the Palestine Liberation Organisation (PLO), put his name to a promise to leave a series of riders.

The Palestinians know they are playing a dangerous game, but they are not dogmatic. Out of this chaos and killing, some think they might secure recognition by the U.S. or the protection of France, or a new look at the Palestine question.

Some Palestinians also believe that France's promise to take

To the single concessionary

like the ceasefire, disengagement, the tasks of a UN force to supervise it and so on. One of the riders given by a PLO official gives the flavour: "The

Israelis announced that four Israeli soldiers had been killed in a direct hit on an armoured personnel carrier. The exact Palestinian military casualties are not known, nor whether the rockets streaming out of West Beirut were the last of unrepentable stocks, but the Palestinian military presence has survived so far.

Why did the Israelis stop firing? Why did they not unleash the power of their air force? Can they go on sustaining casualties in an exchange

Chinese agitation over Taiwan coincides with reports from Washington that conservative Republicans are urging President Reagan not to agree to phase out arms sales. Peking's demands that the U.S. stop selling arms to Taiwan.

Western diplomats here say that China is concerned that Mr Haig's resignation will set back what appeared to have been considerable progress towards a satisfactory resolution of differences over Taiwan.

According to reports from Washington, Mr Haig just before his resignation, handed to Mr Reagan several options the U.S. may consider in its handling of the Taiwan issue. Among these was an agreement to phase out arms sales.

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- List of international banks including: Arab Banking Corporation (ABC), Jafar Beer International Limited, Bank of America International Limited, Bank of Montreal, Citicorp International Bank, etc.

India finds IMF terms satisfactory

By K. K. Sharma in New Delhi

THE International Monetary Fund has laid down what the Indian Government considers manageable performance criteria for the release of SDR 1.6bn (\$1.16bn) as the second year's instalment of the three-year SDR 5bn loan approved for India from its extended financing facility.

These criteria are much the same as those stipulated for the first year of the loan, which the Government had no difficulty in meeting. The net credit to the Government, or what would be roughly the extent of deficit financing, has been fixed at Rs 55,500 crore (\$2.3bn) in 1982-83 against the actual deficit of Rs 51,670 crore in 1981-82.

Mr Mukherjee said that the limits on external borrowing did not include loans for the new steel plant to be built in Orissa state (the contract for which Britain's Davy McKee has lost) and the Singrauli thermal plant (awarded to Britain's Northern Engineering Industries).

The second year's instalment of the IMF loan was approved by the executive board at the weekend, and is considered by the Indian Government to be an endorsement of its policies.

The pressure is mainly due to a large trade gap, which was Rs 57bn in 1981-82.

Angola plans \$1bn oil investment scheme

BY MICHAEL HOLMAN IN LUANDA

ANGOLA has begun preliminary negotiations to borrow \$100m (£57.6m) from Western banks to finance a substantial deficit in its balance of payments, according to Sr Lopo do Nascimento, the Minister of Planning.

Further borrowing will also be required to finance the government's 51 per cent share of \$1bn investment plans to double the country's oil production by 1985, he said in an interview with the Financial Times.

The need to approach the international capital markets for balance of payments finance has been precipitated by the falling prices for both oil and diamonds, Angola's two principal exports, at a time when fighting on the southern border against South Africa has caused a sharp increase in the country's defence spending.

Sr do Nascimento said Angola had been forced to cut back its imports to pre-1979 levels, to review the targets of its original 1981-85 development plan, and to introduce a short-term emergency programme, to cope with the crisis.

We need to borrow to correct the problem of balance of payments. For the first time since independence we ended the year (1981) with a deficit. Secondly, we must find money for investment in our oil industry," Sr do Nascimento said.

Angola plans to double oil production currently some 130,000-135,000 barrels a day, by 1985. "Our plan envisages investment of some \$1bn, and the state-owned company, Sonangol, participates at 51 per cent of the value of the investment."

It was too early to give details of the negotiations, said the minister, but he anticipated borrowing of "something like" \$100m to meet the 1981 balance of payments deficit.

IMF attacks imbalance in U.S. economic policy

BY PETER MONTAGNON, EUROMARKET CORRESPONDENT

M JACQUES DE LAROSIERE, managing director of the International Monetary Fund, has added his voice to criticism of the way the uneven balance between U.S. monetary and fiscal policy is adding to strains on debt servicing among developing countries.

Most industrial countries have already shifted to a policy of monetary restraint, but too often their budget deficits remain excessive which drives up interest rates and crowds out productive investment, he said in a speech in Geneva.

In this regard, the present situation in the U.S. has particularly important implications," M de Larosiere told the UN Economic and Social Council.

Last year the London Interbank Offered Rate for Eurodollars on which much international borrowing is based averaged 16 1/2 per cent—around 8 per cent in real terms and nearly eight points higher than its level in 1978.

Each percentage point rise in world interest rates adds some \$2bn (£1.15bn) to the debt service costs of developing countries, he said. Getting rates down is not just a matter of monetary policy.

Rather, if budget deficits are to be substantially reduced,

S. Africa car sales up

BY BERNARD SIMON IN JOHANNESBURG

PASSENGER CAR sales reached record levels in South Africa last month, boosted by large discounts from manufacturers eager to run down their inventories.

Sales rose to 28,507 vehicles in June, 11 per cent higher than in June 1981, according to the National Association of Automobile Manufacturers (NAAMSA). The total for the first half of 1982 was 149,700 units, compared to 146,000 in the same period last year.

Demand has appeared to be falling in line with the overall economy since the closing months of 1981. But sales have

been revived by heavy promotional campaigns, including discounts on new cars, high trade-in prices for used vehicles and a flood of advertisements.

The most active discounters is Sigma Motor Corporation which assembles Mazda, Peugeot and Citroen vehicles. Sigma's shareholders are Anglo American Corporation and Chrysler.

Sigma's share of the car market rose from 18.1 per cent in May to over 19 per cent last month. Its Mazda 323 was the best-selling model in June, thanks to discounts of 10-15 per cent. Toyota's market share was 20.8 per cent.

last year and has resulted in delays of payments to suppliers of several months.

Sr do Nascimento said his government was looking for investment in other sectors than oil and diamonds, including fishing and the agro-industry.

Sr Nascimento was asked about the level of defence spending mainly incurred in response to South Africa military activity in Southern Africa, where the South West Africa Peoples Organisation (SWAPO) has some guerrilla bases.

Nearly 17 per cent of the 1981 budget was specifically allocated to defence, he said, but further spending took place within other budget sectors. Defence spending consumed "almost" half of foreign exchange earnings.

WORLD TRADE NEWS

Anthony Moreton, Textiles Correspondent, looks at state subsidies Italian fibres under microscope

WHEN THE European Court ruled last week that the EEC Commission was within its rights to look at the way in which member Governments funded public bodies, it opened the way for an investigation into widespread complaints that the Italians have been stimulating capacity and output of synthetic fibres.

Faced with falling demand, over-capacity and depressed prices the EEC had agreed five years ago to share the burden in cutting capacity. The result is that by the end of this year plant capacity in the Benelux countries will be 54 per cent lower than in mid-1977; 41 per cent lower in the UK, 40 per cent down in France and 22 per cent in Germany.

But in Italy it has actually risen by 8 per cent over the five-year period. The other Community Governments believe the Italian Government has been stimulating its industry with massive state assistance. This has taken many forms, such as inserting equity finance into companies by increasing their nominal capital, revaluing fixed assets to facilitate borrowing, making direct payments to offset losses and maintain cash flow, subsidising investment in fixed and working capital and guaranteeing credit at low rates of interest.

When these practices were brought to the attention of the European Commission in Brus-

sels, it introduced a directive—number 723 of 1980—on the "transparency of financial relations between member states and public undertakings." This was intended to give it the power to look at the ways in which the state assisted public bodies.

Three countries, Italy—predominantly—France and Britain fought the directive, claiming the Commission had overstepped its powers and arguing that this was a matter for the Council of Ministers. In ruling for the Commission and against the member Governments the European Court has opened the way for the Commission to investigate these alleged practices as well as others that may be operated in different industries.

The Italian case is one of many causing concern as protectionism grows. Spain, it is alleged, has provided \$240m towards restructuring its industry, 80 per cent of which will go towards new machinery. And, on a much smaller scale, the Dutch announced last year a \$5.8m programme over two years providing grants for new equipment, assistance with overseas fairs and grants towards the employment of experts on export promotion.

The Italian Government's policy is important because it has resulted in price levels in the rest of the European market which have endangered the

financial viability of the synthetic fibre industries and, in so doing, have endangered competition. Furthermore there is a fear that similar assistance is now being offered by the Italians to their cellulosic fibre industry whose capacity has fallen by less than half that of the rest of the EEC since 1977.

The Italian man-made fibre industry is dominated by Montedison, Sella Fibre, ANIC and SIR. Between 1974 and 1980, it is claimed, these four accounted for over half the losses made by the whole of the European man-made fibre industry and that in 1980 alone they lost £175m.

At the state-owned ANIC, for instance, there was a loss of \$36.5m in 1980 on a man-made fibres turnover of £150m, and yet the capital was increased by \$70m. Between 1975 and 1979 it has been estimated that the group received \$27m in subsidies to compensate for operating losses and almost as much in non-repayable state subsidies.

Similar assistance has been given to the other three concerns.

State assistance is not just confined to the advanced countries, either. Low-cost producers are also priming their own industries; in South Korea, where one person in every four in manufacturing industry is in textiles and clothing, Govern-

ment help has been given towards setting up a design fashion information centre, and a textile development centre as well as with soft loans.

Small countries like New Zealand get in on the act by allowing companies to claim a deduction from assessable income for increased export sales, and help is given with overseas travel, salaries and wages spent by New Zealanders outside their countries and on payments to foreign agents.

Even the biggest is not immune. The U.S. has a system, known as DISC, by which exporters can defer part of their U.S. tax otherwise due on export income if they set up Domestic International Sales Corporations. Under U.S. law multinationals escape U.S. tax on overseas earnings of foreign subsidiaries until those earnings are remitted home.

Many of these and other devices are tacitly accepted because no country really has clean hands. The concern about the Italian case is that it is deliberately seeking to distort competition to the benefit of the local industry and at the expense of the other members of the EEC.

Industry, if not all the Governments, within the Community is delighted at the decision of the court in the case of directive 80/723 and sees it as a step towards greater stability.

SOME STATE AIDS

Canada:
£114m over five years for new employment in communities hit by industrial adjustment; to assist modernisation; help displaced workers take advantage of job opportunities.

Portugal:
Exemption from industrial taxation for up to nine years; doubled depreciation allowances on fixed assets for up to 12 years; subsidised interest rates.

Belgium:
£200m over five years to increase turnover of companies in textiles and clothing without increasing capacity; assistance takes the form of participating debentures.

Ireland:
Total relief until 1990 from taxation of profits on export sales; maximum rate of 10 per cent on profits on home sales; 100 per cent depreciation in first year; non-repayable cash grants of up to 60 per cent towards cost of fixed assets.

West Germany:
Support programmes for research, innovation and industrial development; assistance for energy conservation; special assistance for companies in Berlin.

UK:
Assistance to employees on short-time working; financial aid towards firms setting up in special parts of the country.

Source: CIRFS

More demand for MFA talks

BY GILES MERRITT IN BRUSSELS

INDONESIA has joined the 10 textile exporting nations which have recently demanded "Second Round" negotiations with the European Commission over the shape of the renewed Multi-fibre Arrangement (MFA).

The decision of the Indonesian negotiating team to break off talks with the Brussels Commission shows a further strengthening of the solidarity that appears to exist among the militant MFA supplier nations which are sternly resisting a

restrictive 1982-86 MFA III as proposed by the EEC.

Hong Kong, South Korea, India, Malaysia, the Philippines and Singapore have so far refused to accept the tough cuts and conditions being demanded by the EEC as a condition for ratifying the MFA III framework agreement that was signed in Geneva at the end of last year. In some cases, the Community's negotiators are pressing for cuts of up to 12 per cent and are demanding stern "surge" mechanisms to prevent

the flooding of EEC markets.

In advance of the talks on bilateral MFA the "hardliners" amongst the MFA countries determined to reject a restrictive pact reaffirmed their solidarity and are this week reviewing progress in the talks at a meeting in Bangkok.

In addition to the LDC textile exporters that have given the Commission until September to improve the MFA terms on offer in "Second Round" talks, Hungary, Czechoslovakia and Romania have opted for further negotiations.

Netherlands in line for Lisbon navy order

By Diana Smith in Lisbon

A \$600m (£332m) order for three frigates for the Portuguese Navy, to be supplied and part-financed by the Nato allies, is expected to be signed soon.

West Germany, with its F-122, and the Netherlands, with the Kortenaar model, have been competing fiercely for the chance to build the vessels, which would be equipped by other Nato countries.

Finances for the programme has delayed decisions. The Portuguese, who must find half the cost, have been wanting new frigates since 1977, and the tardiness with which the Nato allies have responded has caused public complaints by Portuguese Cabinet Ministers.

The visit to Lisbon on July 12 of Mr Hans van Mierlo, the Dutch Defence Minister, appears to have swung the balance in the Netherlands favour. On his departure Mr van Mierlo said that considerable progress had been made.

Devaluation in Malta ruled out

By Godfrey Grima in Valetta

MR DOM MINTOFF, the Maltese Premier, has discounted a devaluation of the Maltese pound to help boost tourism and export income.

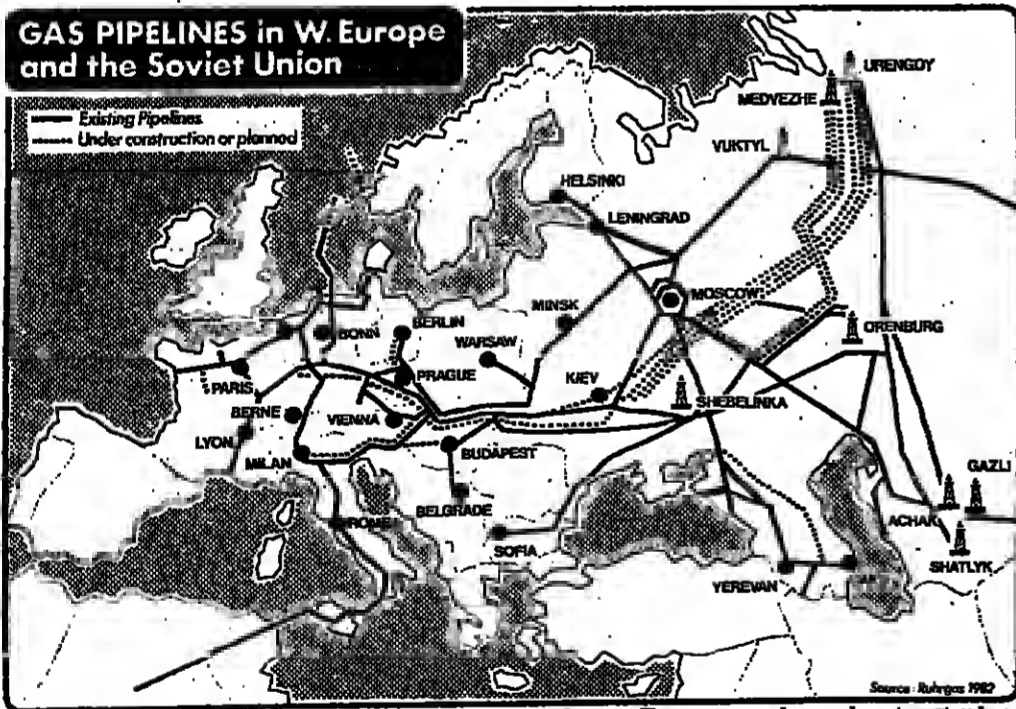
In a statement this week to Parliament, Mr Mintoff said that receipts from exports, and tourism were not falling because of the high rate of exchange of the Maltese pound. What counted with tourists and foreign buyers was the intrinsic value of the island's currency.

"A devaluation would lead to a surge in wages and the island's cost of living, and would neutralise any benefits tourists and foreign buyers stand to gain," he said.

He urged tourist-oriented businesses to reduce prices and help restore the island's competitiveness.

Brazilian deal

Spar Aerospace of Canada says it has signed a contract valued at more than \$125m (£69.5m) to provide Embraer, the Brazilian Government's telecommunications company, with two communications satellites and related ground-control equipment. AP-DJ reports from Toronto.



The Soviet Union's project to increase supplies of natural gas to Western Europe is well advanced with numerous lines in service and others under development. The 3,000-mile pipeline extending from the Urengoy gas fields of Western Siberia to Western Europe was given a boost yesterday with the signing in Leningrad of a framework DM 2.5bn (£666m) credit agreement between West German banking consortium and the Soviet Foreign Trade Bank.

Samwhan wins Saudi contract

BY ANN CHARTERS IN SEOUL

THE SAMWHAN Corporation has signed a \$225m (£125m) contract with the U.S. Corps of Engineers to build family and industrial facilities in King Khalid military city, Saudi Arabia.

The company will construct 804 apartments, a naval food

centre, commissary and mosque as well as maintenance facilities, a chilled water plant and parking. Completion is scheduled for January 1986.

Another \$128m contract recently signed with North Yemen's highway authority pro-

vides for the construction of 180 km of highway and four 1,300 days.

The two contracts are Samwhan's largest in the Middle East. Last year, the company won \$687m contracts in North Yemen, Jordan and Saudi Arabia.

Ottawa and Jakarta sign nuclear agreement

OTTAWA — Canada and Indonesia have signed a nuclear co-operation agreement, clearing the way for future transfers of technology and sales of Canadian Candu reactors to Indonesia.

The agreement was signed during a brief ceremony by Mr Mark MacGuigan, Canada's External Affairs Minister, and Dr Subroto, Indonesia's Energy Minister.

Dr Subroto said Indonesia has made the decision to "go nuclear some time," but he said it would not happen until 1995

at the earliest. Indonesia now has two small research reactors, one built with its own expertise and the other by the U.S. A West German company has been asked to build a third.

Mr MacGuigan said Indonesia has concluded an agreement with the International Atomic Energy Agency to bring all its nuclear activities under safeguards.—AP

Richard Cowper in Jakarta adds: The West German contract, awarded last August, was worth at least DM 137m

(£32m) and caused a storm of protests in Jakarta when it was given to International Atomreaktorbau, a subsidiary of Siemens, on the advice of Mr E. J. Habibie, Indonesia's Minister for Technology, President Suharto chose Siemens despite recommendations by two Indonesian Government agencies that General Atomic of the U.S. be awarded the deal.

Indonesia's National Atomic Agency, Batan, received four proposals — from Siemens,

General Atomic, Atomic Energy of Canada, and Technicatome of France. It judged that General Atomic's offer was superior in quality. It also cost about half the price of the West German facility.

The decision does not mean Indonesia has locked itself into West German nuclear technology. Canada, along with the U.S. and others, is still hoping to be able to sell nuclear plants and expertise when Indonesia's nuclear programme gets off the ground in the 1990s.

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improvements will be made in the years ahead.

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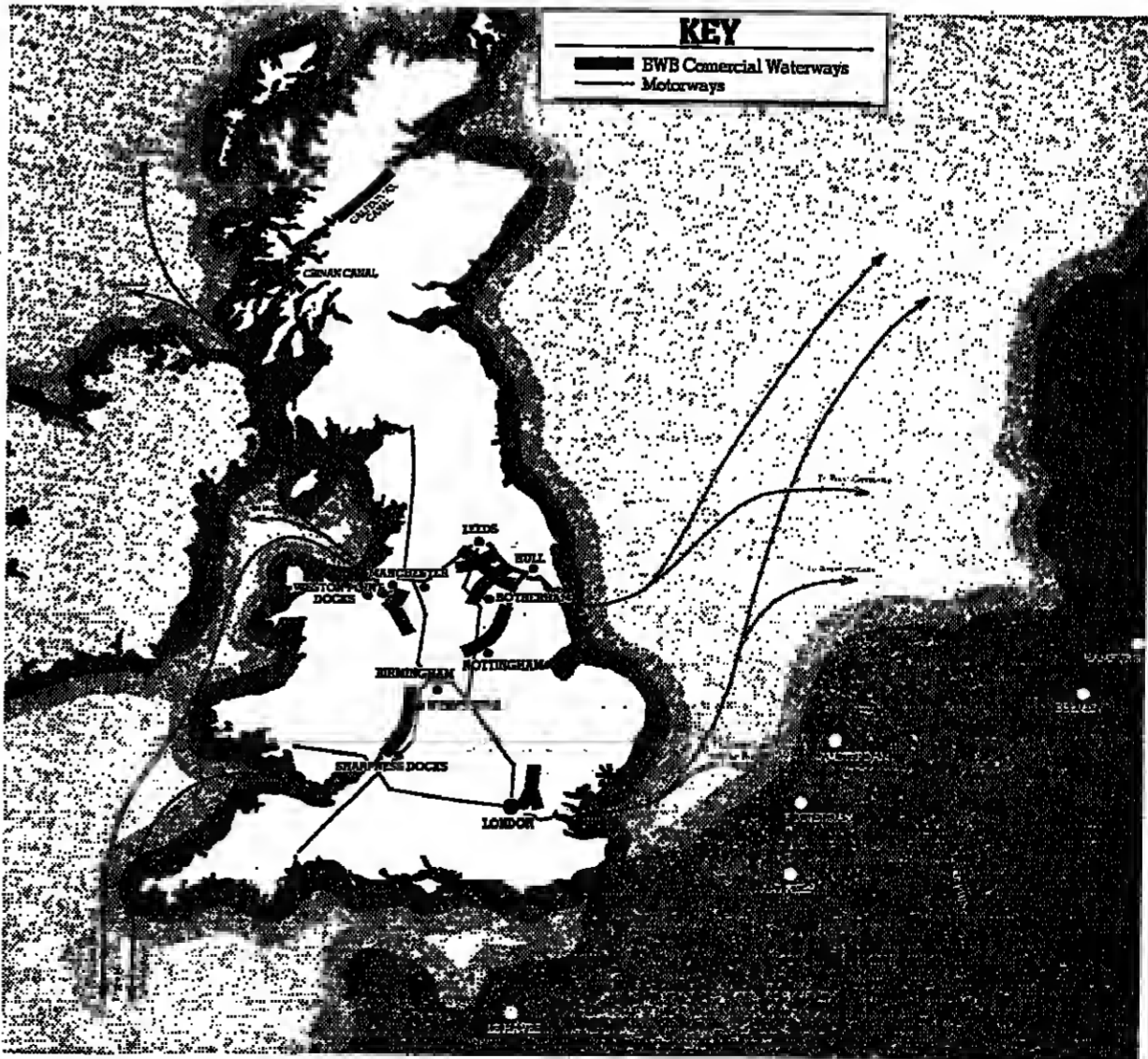
practical and cost effective transport package, well suited to fit the needs of industry and commerce in the years ahead.

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UK NEWS

Bristol port losses grow but signs are hopeful

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE Port of Bristol suffered an increased loss of nearly £12m last year, but said there were signs that the drop in business was ending.

The worldwide recession continued to depress trade through the port, with tonnage handled—excluding containers—down by 202,000 tonnes to 3,277m tonnes. The number of containers handled was 3,000 down to 26,000, but this was more than twice the 1979 figure.

A continuing trend towards containerisation of cargoes previously carried in loose or break-bulk form has also affected business. Revenue from containers is much less than for the same amount of tonnage in break-bulk form.

The port's overall loss for the financial year to March 31 1982

rose from £10.8m to £11.7m. Most of this was covered by the City of Bristol, which contributed £10m from its general rate fund. Since April 1977 the city has provided nearly £25.7m to the port.

In spite of the integration of independent stevedoring activities in March last year and a rise in charges in September, operating revenues rose by only £1.5m to £22.5m. The actual operating deficit was £2.5m against £1.3m, before adding in some £2m of depreciation and £7m of interest charges.

In its annual report, the port said the drop of 202,000 tonnes in non-containerised cargo was much less than in the previous year. Of this decline, 135,000 tonnes represented imports of petroleum from other UK

Licensing and shop hours 'hit tourists'

By Arthur Sandles

ENGLAND'S liquor licensing laws and shop trading regulations are under attack again. This time it is said that tourists are finding them increasingly irritating.

Mr Michael Montague, English Tourist Board chairman, yesterday welcomed a Government investigation into Britain's tourism performance. He suggested that one outcome might be a look at licensing and trading in England—where the rules are less relaxed than in Scotland.

Mr Montague said in his annual report: "Who knows, like our friends in Scotland, we might all one day be judged to have earned the right to decide when we want a drink, rather than licensing authorities who occasionally appear to relish the laws vested in them?"

He welcomed Baroness Trimptington's Bill to legalise Sunday shop opening—there are tourists milling about Covent Garden on Sunday with money burning holes in their pockets—but gave it little hope for progress through the Commons.

"There seems to be no earthly reason why holiday-makers should be allowed to play bingo only in the afternoon and evening—when you are on holiday on wet weather mornings, why should those who wish it not be allowed a little fun?"

The English Tourist Board is launching its own tourism investigation. It will look at the pattern of school, industry and national holiday timing and examine whether present holiday periods are in the best interests of the tourist business.

ETB Annual Report, English Tourist Board, £3.

Fabric makers 'must heed fashions'

Anthony Moreton examines a report critical of manufacturers

BRITISH fabric manufacturers must adapt to new market conditions if they are to win bigger sales at home. It is also essential for them to develop closer relationships with both clothing manufacturers and retailers.

These are the main conclusions of a report on the British apparel fabric market published today by the National Economic Development Office.

The report arose out of concern felt by the four Little Neddies covering the clothing and textile industries over the decreasing share of the home market enjoyed by British manufacturers while import penetration increased.

"What is particularly worrying," according to Mr Alan Smith, chairman of the marketing group of the textile and clothing Economic Development Council, "is that these imports are coming not only from the cheaper, developing areas of the world but increasingly from high-cost, developed countries."

The report is based on an investigation into the fabric

producers by David Rigby Associates, consultants specialising in the textile field.

Its main message is that fabric producers, who are at an early stage in the production chain, should consider at every stage the needs not only of their own customers but also of the ultimate customer, the buyer in the shop.

This must necessarily involve them in the fashion cycle. The buyer of shirts, suits, dresses and blouses is becoming increasingly fashion conscious, but this emphasis on fashion has not filtered back sufficiently to producers, while it is reflected in stores and boutiques.

"UK fabric manufacturers, particularly those in the weaving industries, have either not understood these changes well enough or have not adapted

their own organisations and policies adequately, since there are large volumes of imports from developed countries in all fabric sectors," says the report.

It particularly criticises lack of innovation in fabric construction and surface effect, insufficient involvement with fashion trends, failure to design targeted ranges and ineffective presentation of ranges.

These criticisms are in their turn contested by both the British Textiles Employers' Association and the Confederation of British Wool Textiles in an appendix to the report.

The two leading trade bodies claim that the report does not differentiate sufficiently between types of fabric and that much of the blame for the industry's problems must be laid

at the door of Government economic policy.

The example of Marks and Spencer, a group involved at all levels of production with suppliers, permeates much of the main report.

Close working relationships between all the parties involved is essential to the adoption of new strategies, it urges. The real end product should be "a garment in a particular shop or a catalogue, at a particular price point, that will sell well."

It argues that the onus is on manufacturers to put more emphasis on developing fabrics, become more involved in fashion trends, produce in smaller volumes to shorter lead times, and present their ranges in the form most acceptable to buyers—that is, in made-up garments.

Changing needs and relationships in the UK apparel fabric market. Obtainable from the Textiles Section, NEDO. Full report £3, shortened report free. Both from Millbank Tower, Millbank, London, SW1.

Direct plea to ombudsmen urged

BY JAMES McDONALD

A STRONG APPEAL for direct complaints to be allowed to Local Ombudsmen about maladministration or abuse of power by local, police or water authorities, is made by Baroness Serota, chairman of the Commission for Local Administration in England, in the commission's annual report.

Lady Serota, who is also Local Ombudsman for Greater London and the South-East says that every year as many complaints are received by the Local Ombudsmen direct as come through members of local authorities as required by the 1974 Local Government Act.

"The direct complainant is likely to see as a piece of time-wasting bureaucracy the advice he then receives from the commission, that his complaint cannot be considered until he

has put it in writing to a member, especially when, as in most cases, he had already made his complaint to the council locally and has not been satisfied with the answer."

People should be able to complain either directly or through a member of a local authority, says Lady Serota, who retires as chairman later this year.

New legislation is needed, she says, to rationalise the "perverse" complaints procedure, which leaves many fields outside the jurisdiction of the ombudsman.

The report shows that in the year to end-March 1982, the three English Local Ombudsmen received 2,706 complaints, 11 per cent more than in the previous year.

As usual most complaints were about housing (32 per cent) or planning (31 per cent). Of the 2,501 complaints considered and completed during the year, only 279 were the subject of full formal reports.

Maladministration was found in 173 of these reports, only 8 per cent of all complaints considered.

Examples of maladministration in the planning field included failure to consult about neighbouring development and failure by a member of an authority to declare an interest when dealing with a planning application.

Your Local Ombudsman, annual report for 1981-82, Commission for Local Administration in England, 21, Queen Anne's Gate, London SW1.

MoD may lease off part of Farnborough to business

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE Ministry of Defence is to keep control of the Royal Aircraft Establishment's airfield at Farnborough, Hampshire, although some part may be used by business aviation operators and light industry.

Farnborough will continue to be the main test airfield for the adjoining Royal Aircraft Establishment, Britain's premier aeronautical research and development organisation. It is also expected to remain the venue of the biennial flying displays and exhibitions organised by the Society of British Aerospace Companies.

The decision follows a government study into the use of the airfield.

The option of closing it down was quickly rejected in view of the long-term requirements of

the RAE, one of the world's most advanced aeronautical research establishments, and because of its value to the aerospace industry.

After discussions with local authorities in the area, the Ministry of Defence decided to keep control of the airfield under the RAE. It is interested in leasing off about 40 acres as a centre for business aircraft, especially jets.

This will require further discussion with local authorities, who will be concerned about the noise from increased jet movements. Their fears, however, may be countered by the promise of increased employment and other benefits.

It is understood that about 20 commercial organisations have shown interest in leasing

part of the Farnborough airfield, and will be contacted by the Ministry of Defence in the next few weeks.

The ministry was also interested in hearing from other organisations and companies which might wish to use the airfield, it said.

The business aircraft community in the UK has been seeking for some time an airfield not too far from London which could be used by business jets. Most suggested sites have been ruled out because of local objections to noise and additional development, expense, the distance from London or other communications problems.

Farnborough appears to be the best available site for the business aviation community. The site under consideration,

near to that used by the SBAC for its air shows, is close to the M3 motorway linking Farnborough to London and other parts of the south of England.

The runway is one of the longest and best-equipped in the country, with up-to-date landing aids and an established air traffic control system. The local community is fairly used in aircraft activity at Farnborough (the airfield has been there since before the First World War), although some guarantee on noise control would probably be sought.

The choice of a site at Farnborough is likely to be the best the business aviation community can expect within reasonable distance of London, other than making greater use of existing airfields

British Steel shows its mettle in fight to match competitors

THE British Steel Corporation's 1981-82 annual report, published yesterday, charts a year of remarkable recovery in extremely difficult conditions.

Productivity improved dramatically, losses were halved and sales rose in spite of a declining market.

But the sobering message from this report is that BSC has a long way to go to secure its future.

For a third successive year, Coopers and Lybrand, the group's auditors, qualified the accounts for the most basic of reasons.

"There are continuing uncertainties in the steel market and there is a consequential uncertainty as to the level of future trading results. Accordingly, we have not been able to satisfy ourselves that the amount of £1,579m at which fixed assets are stated in the consolidated balance sheet will be recoverable out of future earnings."

BSC directors fully agree with that assessment, although £3bn in capital and £508m in government loans were written off last year, they anticipate further provisions this year.

The problems are well known: productivity standards set in Japan continue to rise while price competition from steel producers in newly-industrialised countries continues to intensify.

On the other hand BSC, like all European Community companies, has agreed to waive itself of government subsidies by 1985.

Thus as Mr Ian MacGregor, the chairman, said in the report, the company "must continue its unremitting cost-reduction efforts if it is to become and remain a fully competitive world producer, which is the only firm basis of job security for its employees."

Mr MacGregor said BSC's productivity is now about 60 per cent of Japanese levels and "a little closer" than that to German levels.

The extent of BSC's cost reductions to date is not immediately apparent in the annual report. Operating costs

BRITISH STEEL CORPORATION AND SUBSIDIARIES			
Key statistics 1977-78 to 1981-82			
	1979-80	1980-81	1981-82
	£m	£m	£m
TURNOVER:			
Home	2,321	2,159	2,402
Export and overseas subsidiaries	784	795	1,041
TOTAL	3,105	2,954	3,443
Trading profit/(loss) after depreciation	(361)	(489)	(242)
Profit/(loss) before extraordinary items	(545)	(668)	(258)
Liquid steel production (m tonnes)	14.1	11.9	14.0
No. of UK employees at year-end (000s)	166.4	120.9	103.7
External financing:			
—Limit (£m)	700	1,121	730
—Actual (£m)	579	1,119	694

rose 7.5 per cent last year but turnover grew more than twice as fast—rising 16.5 per cent to £3.4bn.

In the second half, when the corporation had the benefit of EEC-wide price increases, the difference was more pronounced. Turnover was up 51 per cent to £1.9bn but operating costs grew only 28 per cent.

In March the company made a trading profit of £3.9m, its best result for five years.

A cost analyst in the report shows that 42 per cent of all spending is on materials and a further 12.3 per cent on fuels. Employment costs are 29 per cent of the total.

Fuel costs showed the largest increase, 18 per cent, in 1981-82 although the company managed to reduce energy consumption per tonne of liquid steel by 12 per cent. The proportion of steel cast continuously rose from 22 per cent to 28 per cent.

Employment costs fell 1.5 per cent to £1.09bn and the number employed dropped 14 per cent in the year to 103,700. Average earnings have increased 14 per cent mainly as a result of local bonus schemes in the past year.

BSC's attack on costs will continue to concentrate on employment—the corporation hopes to bring the total employed down to 92,000 this year—and on production improvements.

The proportion of continuous casting is expected to rise to 50 per cent over the next two years.

Mr MacGregor said in his statement that the corporation envisages only "a marginal increase in output" in the current year, with BSC maintaining the 50 per cent home market share achieved last year and continuing to seek more exports.

Last year's slightly more optimistic forecast did not prove accurate. Total deliveries were up 12 per cent to 10.7m tonnes but the 1980-81 comparative figure was depressed by the aftermath of the three-month strike early in 1980. Deliveries in 1978-79, the last full year of normal production, were 12.5m tonnes.

UK steel consumption fell 4 per cent last year and BSC failed in its drive to regain its pre-strike market share of 51 per cent. It estimates its market share at 50 per cent and blames an increase in imports from outside the EEC in the second half for the setback.

The corporation's goal of increasing exports was fulfilled, as these rose from 2.3m to 2.7m tonnes.

BSC gives few details of the relative performance of its divisions but the report shows that the main iron and steel-making businesses reduced their trading loss last year from £437m to £170m. Meanwhile, the stockholding subsidiary, British Steel Services Centres, swung from a £2m trading loss to a £5m trading profit.

In the iron and steel businesses, turnover of general steels was unchanged at £1.4bn, while that of the strip products division jumped by 25 per cent to £1.02bn.

Turnover in the tubes division was up 22 per cent to £252m and the division was in profit.

Mr MacGregor, now in the final year of his three-year term as chairman, painted a bleak picture for the current year. "The market uncertainties are today greater than ever," he wrote.

IAN RODGERS surveys a year of upheaval at BSC and reports that chairman Ian MacGregor is determined to keep up the pressure.

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BSC's attack on costs will continue to concentrate on employment—the corporation hopes to bring the total employed down to 92,000 this year—and on production improvements.

The proportion of continuous casting is expected to rise to 50 per cent over the next two years.

Mr MacGregor said in his statement that the corporation envisages only "a marginal increase in output" in the current year, with BSC maintaining the 50 per cent home market share achieved last year and continuing to seek more exports.

EEC review promised on Berisford bid

BY A. H. HERMANN, LEGAL CORRESPONDENT

BRITISH SUGAR is not giving up hope of enlisting EEC support in its resistance to the takeover by Berisford. Mr John Beckett, British Sugar's chief executive, reported yesterday to have had a "satisfactory" meeting with Mr Frans Andriessen, EEC Commissioner for Competition.

Mr Beckett, who was supported by M. Rothchild, advisers to his company, and an array of lawyers including Prof. Francis Jacobs, of King's College London, was told by Mr Andriessen that he appreciated

the urgency of the situation, would review the file.

British Sugar had asked the EEC Commission some time ago to stop the takeover because it would constitute an abuse of a dominant market position allegedly held by Berisford. It also asked the commission for a preliminary measure of protection—an order prohibiting Berisford from proceeding with the merger.

The commission originally took a stand favourable to Berisford indicating a preliminary view that there were no

grounds for the Commission to take any action. More recently however, the Commission's Department of Competition began to swing the other way. Berisford was warned that the Commission was reconsidering its position and did not wish to proceed with the takeover without obtaining its consent. This warning was disregarded. It is understood that before yesterday's meeting with Mr Andriessen, there were intensive consultations between the Department of Competition and its legal service,



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That's what we get through on a good day.

Because that, believe it or not, is how much we sell in our duty free shops.

It's hardly surprising.

Our tobacco and alcohol prices are up to 45% lower than those in your local high street.

Not the cheapest duty free goods in the world, perhaps, but certainly not the most expensive.

Far from it, in fact.

We sell many items more cheaply than our overseas counterparts. Some premium whiskies for example.

A litre bottle of Johnny Walker Black Label costs just £7.50 at Heathrow. It will set you back £8.13 at Copenhagen and a full £8.37 at Charles de Gaulle.

At British Airports Authority we aim to offer travellers substantial savings yet make a profit ourselves.

Why a profit?

Well, we might be publicly owned, but we have no intention of becoming a burden on the British taxpayer.

We have made money every



year since our formation in 1966, and we're determined to continue doing so.

Not by following the example of some airports and charging passengers airport tax.

But by running our airports as successful businesses.

Kiosks, restaurants and shops pay to operate around our terminals. So do banks, car rental companies and car park operators.

Of course, we would like to provide more facilities and grant more concessions at Heathrow, but sadly space is at a premium.

There simply isn't the room to build a modern hotel complex like the Gatwick Hilton within the central area.

Still, we aren't doing badly.

We're one of the 100 largest retail operations in this nation of 234,785 shopkeepers.

We are also a major foreign currency earner.

£71 million in 1981.

Three-quarters of the goods we sell are British and the vast percentage of them go overseas.

Clearly, a hefty outlay on fags and booze do our finances no harm at all.

British
Airports



UK NEWS

Liquidators say end of 11-year Rolls-Royce bankruptcy saga is in sight

BY CHARLES BATCHELOR

THE LIQUIDATORS of the former Rolls-Royce aero engine group which failed in 1971 announced that the end of the 11-year bankruptcy saga is finally in sight.

The three liquidators required to handle the biggest UK business failure are to make a final payment of 9.5p per £1 stock unit taking the total distribution to 64.5p per unit.

The size of the pay-out, on shares which at one stage were changing hands at 1d (one old penny), has exceeded most expectations. This may persuade

some of the investors who turned their stock certificates into lampshade covers to unpeel them again.

Rolls-Royce Limited collapsed in February 1971 when the development costs of its RB-211 engine, intended to power Lockheed Corporation's TriStar jet, outran the sums provided for in the fixed-price contracts which had been agreed.

After more than two years of negotiations the liquidators sold off the aero division to the Government which re-negotiated

the RB-211 contracts with Lockheed.

In 1973 the liquidators brought Rolls-Royce Motors to the Stock Exchange, the first time a company rescued from collapse had been relaunched in this way. It immediately started to make profits and was subsequently taken over by the Vickers engineering group.

Mr Guy Parsons of accountants Peat Marwick Mitchell has spent more than a decade sorting out the affairs of Rolls-Royce. Together with Mr Ian Watt of Thomson McLintock

and Mr Maurice Withall of Thornton Baker, he has devoted a great deal of his professional energies to what he calls a very unusual case.

In spite of the size of the pay-outs that have been made by the liquidators Mr Parsons is in no doubt there was no alternative to putting the company into liquidation, given its entanglement in the RB-211 contracts.

The proceeds from the sale of assets were £237.5m, comprising £87.5m from the sale of the aero engine division, £57.2m from the flotation of the motor

division and £112.8m from the sale of other assets and the collection of debts.

Interest alone on the large sums administered by the liquidators amounted to £35.1m. Against this has been set administrative costs of £15.7m. "This is not a large figure compared with the sums we realised," said Mr Parsons.

Preferential creditors were paid £8.9m, debenture holders £37.2m and trade and other creditors £138.5m, leaving £42.3m over for the ordinary stockholders.

The joint liquidators origin-

ally hoped to make a final distribution in November 1979, but were prevented by a claim from the victims of an Indian Airline Caravelle airliner which crashed in Bombay airport in 1976.

"A claim came out of the blue from their lawyers in London," said Mr Parsons. "A board of inquiry gave the cause of the crash as pilot error so we did not consider we were responsible."

But this, and claims arising from two other crashes, prevented the payout. The claims were made against the "old" Rolls-Royce because the engines

had been built and delivered before 1971.

The liquidators and their insurance brokers, Sedgwick Aviation, have agreed a deal which will allow a final meeting of the 80,000 stockholders to be called in October.

The liquidators have taken out a single premium policy with Lloyds for £50,000, covering them against any claims arising from the crashes. This policy, and agreement from Mr Parsons that he will stay on nominally as liquidator until any claims have been dealt with,

assured a judge's approval for the final payout.

These claims have delayed payment but stockholders may take some consolation from the fact that high interest rates have boosted the final payment to 9.5p from the 8.4p proposed in 1979.

Mr Parsons may well be staying on as liquidator for another five years — even if the post is only nominal — and this could also give the Rolls-Royce affair another dubious distinction — that of being the longest running liquidation.

Fight to save Manx bank is 'no longer possible'

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE 18-DAY fight to save Savings and Investment Bank, of the Isle of Man, has failed.

Dr Edgar Mann, chairman of the island's Finance Board told the Tynwald, the Manx Parliament, yesterday that a rescue operation was not now possible.

The bank had its licence withdrawn on June 25, and the Manx Government immediately launched talks to rescue it. The small bank has branches in Douglas and Ramsey.

The Government was willing to participate in the operation provided some of the largest depositors agreed to defer calling for repayment of their loans, and an injection of funds arrived from other banks.

Dr Mann admitted yesterday that the largest depositor "decided to accept responsibility for a group of bad debts and a proportion of part-bad debts."

Despite this assurance, no progress could be made, and the concession must be that other banks fought shy of putting finance in, he said.

"We now have to accept reluctantly that the Savings and Investment Bank cannot be restored by Government action, short of total acceptance of the bank's liabilities by Government."

The decision to close the bank followed a hectic week's investigations by the government auditors, Panel Kerr Forster. The auditors went into the bank on July 6 and worked late at night and at the weekend to present a report to the Finance Board on Monday.

At the same time as those meetings, which included the bank's directors, were going on, Miss Roseanne Dunn, of Cambridge, was presenting a petition to the Manx High Court for winding-up of the bank. Miss Dunn is understood to be a small depositor with it.

Her petition, presented to the court on July 12, was listed for hearing on July 21. It was published in the Isle of Man Weekly Examiner yesterday.

Dr Mann told Tynwald that "there had been very large loans to a relatively small group of companies, and the loan policy of this bank had been beyond the banking guidelines agreed in December 1981 long before this date, and it had been impossible to bring this back into conformity within the period since then."

"On close examination, a lot of these large loans were probably irrecoverable, at best in part and some in total."

"On these facts, the Finance Board and the auditors consider that a rescue operation was not possible."

The largest depositor is understood to have had £10m in the bank.

Sir Peter, a member of the Casco Investments group, whose litigation with the bank over a £5.5m facility brought the matter into the open, at one time had £3m deposited in Douglas but withdrew this before the licence was revoked last month.

Waterways board starts drive for more freight

By Hazel Duffy, Transport Correspondent

THE British Waterways Board is setting out to attract more freight to the inland waterways with a national advertising campaign launched today.

The campaign by the State-owned board was planned well before the dispute which has halted most rail freight traffic, but this coincidental factor will give added force to its message.

The board is "convinced that there is an inescapable logic about using the navigable rivers and waterways of Britain to greater advantage and benefit to industry and society generally."

He emphasised the environmental and energy-saving benefits of waterway transport and pointed to opportunities created by the growth of short sea routes to Europe.

The board is anxious to publicise facilities offered by the Thames and Humber on the East coast in providing all-water routes for cargoes into the heartland of Europe. It hopes to capture a larger share of freight traffic with the EEC.



The national management championship winning team from Rediffusion Radio Systems of London with Mr Kenneth Baker, Minister of State for Industry. Left to right: Mr Ray Pickering, Mr Baker, Mr Len Porter, Mr Ron Norwood, Mr Don Collisaw, Mrs Pauline Collisaw Mr David Bird

Rediffusion team wins management title

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE 1982 national management championship was won in London yesterday by Rediffusion Radio Systems. The winning team was: Mr Ray Pickering, Mr Len Porter, Mr Ron Norwood, Mr Don Collisaw, Mrs Pauline Collisaw and Mr David Bird.

They took the first prize of £2,000 and the Financial Times rosebowl after defeating three other teams from industry in the final of the

computer-based contest, which began in January with 795 entries.

The championship has been organised annually since 1970 by the FT, ICL and the Institute of Chartered Accountants in England and Wales, in association with the CBI and the Institute of Directors.

The £1,000 second prize went to IMI, who have reached the final five times without winning. RHM Foods

took third place and £750, and BOCM Silcock the £500 fourth prize.

The prizes were presented by Mr Kenneth Baker, Minister of State for Industry and Information Technology.

The winners' "paper" consumer-durable company was led in the final by its deputy chairman, Mr Norwood. Mr Mike Harwood, who had led the team through the previous stages of the championship, was on holiday in Spain.

Persuasion from Old Lady moves the banks to cut base rates

IN THEORY, interest rates in the UK are set by supply and demand, but it has taken several days of increasingly heavy hints from the Bank of England in its own open market operation to persuade the banks to cut their base rate by half a point this week.

By bidding up the price of a steadily widening range of money market paper, the Old Lady has persuaded the banks that only a fool would fail to rush in where an angel is determinedly treading.

It is unusual for the Bank to lead the market quite so firmly by the nose, but central banks have always been willing to act firmly when they thought it necessary to restore confidence.

The market has been in two minds because, although there is much in the domestic situation to justify lower rates—a flat economy, orderly money figures, and an easing in demand for bank loans—there is still jittery about Wall Street.

If U.S. interest rates should

Oil and gas sectors lift output

BY ROBIN PAULEY

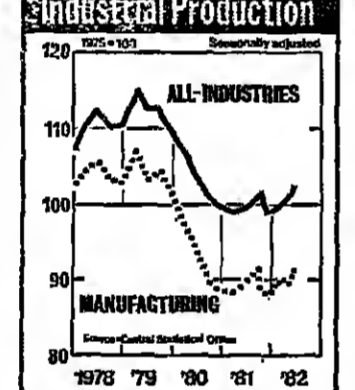
INDUSTRIAL output increased slightly in May although most of the improvement was in oil and gas output while other industries remained fairly flat.

Figures published by the Central Statistical Office yesterday show that manufacturing production increased by 1.5 per cent in May, having fallen by 3 per cent in April.

Over the March to May period the rise was 1.5 per cent but the underlying trend indicates that manufacturing industries were more or less becalmed.

The previous three months' figures were depressed because of the severe weather. North Sea oil and gas output has accounted for most of the improvement since the December-February period.

The index of production of all non-oil industries was 91.7 in May (1975=100), an improvement of 1 April's figure and slightly above the average for 1981 but nearly 6 per cent below the 1980 average. When oil figures are included,



The underlying level of manufacturing output in the latest three months remains little changed, at about 2.5 per cent above its lowest point reached in spring, 1981. Total industrial output is still about 10 per cent below its highest levels of spring, 1979.

Although the lowest level of economic activity is thought to have been in spring, 1981, there have been no indications of any sustained recovery and industrial output has been mainly stagnant.

Chemicals, coal and petroleum product industries have improved by 3.5 per cent between the last two three-month periods. But textiles, leather and clothing fell back by 0.5 per cent and metal manufacture suffered another 2 per cent drop.

Output of investment goods industries rose by 2.5 per cent between the two three-month periods, intermediate goods by 1.5 per cent and consumer goods by 1 per cent.

More complain about gas bills

THE National Gas Consumers Council dealt with 5,000 complaints about gas bills in 1981-82, an increase of almost 25 per cent on the year before, the council's annual report shows.

Miss Sheila Black, its chairman, said the year was "dominated by concern about paying for fuel." Gas prices rose by more than 26 per cent in the year, in line with the Government's three-year programme. This was a much faster rate of increase than would have been required by the gas industry.

Extra grants for sandwich courses

IN SPITE of little firm evidence on the value of sandwich courses, which intersperse academic studies with periods in industry, the Government is to increase for 1982-83 the number of grants available to employers who provide the industrial training, writes Michael Dixon, Education Correspondent.

There will be an increase of 500 to 2,500 grants for engineering and technology students and a rise of 75 to 225 for those reading computer science.

Westland to shed 40 in works closure

WESTLAND Helicopters is to close its factory at Higham Ferrers, Northamptonshire, making up to 40 workers redundant.

Jobs and machine tools are to be transferred to another plant at Milton Keynes, Buckinghamshire, where investment of £1.5m in advanced machine tools is being undertaken to manufacture precision components.

Nuclear barter deal unlikely to be renewed

By David Fishlock, Science Editor

BRITAIN'S long-standing barter agreement with the U.S., under which British weapons-grade plutonium was being exchanged for highly enriched uranium, is unlikely to be renewed.

The Navy, which no longer has a stockpile of plutonium, finds it cheaper to purchase uranium enrichment for cash than to make more plutonium in its reactors at Calder Hall and Chapelcross.

These reactors have been re-optimised to make electricity. The Navy plans to pay cash to the U.S. Government in future to carry out the enrichment necessary to make fuel for its nuclear submarine fleet.

Britain's barter agreement, under which weapons-grade plutonium was swapped, pound-for-pound, for weapons-grade (highly enriched) uranium, needed mainly for submarine fuel, ran from 1959-1979.

Academics and industry urged to co-operate more

BY TIM DICKSON

CALLS for closer co-operation between academics and industry were made yesterday at the prize-giving ceremony of a new competition organised by the British Technology Group (BTG).

There was some disagreement, however, about the Government's role in encouraging this sort of contact.

Sir Alistair Pilkington, of Pilkington Brothers and chairman of the competition judges, said there should be more public sector support to encourage the commercialising of research results.

Conscious of his party's economic philosophy, however, Mr Patrick Jenkin, Secretary of State for Industry, who presented the prizes, argued that he did not think providing more government money was necessarily the best way.

"The role of the public sector should be to provide seed corn capital and be a cheer leader on

the touchline. Governments themselves are rarely good at industrial innovation," he said.

Cash prizes totalling £230,000, including a £50,000 top award, were presented to winners of the BTG Academic Enterprise Competition. The 115 entries were based on academic research work, the aim of the competition being to encourage more researchers in Britain to build their ideas into marketable products.

The entrant's business had to be new, which in this case meant either not yet begun or started after January 1, 1979.

The £30,000 national winners were Prof W. A. Gambling and Dr D. N. Payne of the University of Southampton, whose company York Technology produces instrumentation for optical fibre communications. There were seven runners-up—who collected £20,000 each—and four companies received cheques for £10,000.

IF REAL interest rates remain at their historically high level, or rise, there is a risk that the number of debt defaulters could rise to a point that would erode the capital of U.S. banks, writes Anthony Harris.

start to rise steeply again, as Dr Henry Kaufman, the Salomon Brothers economist and leading guru, predicted again on Monday, then there is little scope for easing anywhere else.

Last week there was an unexpectedly sharp fall in the U.S. equity supply, and for a couple of days Wall Street celebrated. But it did not last.

Wall Street is reserving judgment until next week, when Paul Volcker, the Fed's chairman, makes his quarterly appearance before Congress.

There are good reasons for a policy change. The U.S. economic recovery, forecast originally for the first half of this year, has been postponed sine die, with grim implications for the Republicans in the November mid-term elections. Inflation has fallen sharply, though recent figures cast some doubt on how reliable this fall is. The money supply is now on target, and the dollar is overvalued.

Above all, continued high interest rates are causing crippling problems for many of those who owe most to U.S. banks—the energy sector, where the Opec meeting has been further bad news, the farmers and farm equipment makers, and other weak industries.

If real interest rates remain at their present historically high level, or rise, there is a clear risk that the number of debt defaulters could rise to a climax which would dangerously erode the capital of U.S. banks. The Fed needs lower rates to protect the banking system.

What remains to be seen is whether the market, which has been nervous about bank shares recently, is sufficiently concerned on this score to welcome some easing of policy, or whether any relaxation will simply lead to a new flare-up of fears about inflation, and so raise interest rates still higher.

The effective exchange rate, which takes account of other major trading partners, is firm, and that is what the market watches.

The Bank, of course, must keep one eye on the Fed before it can follow up its recent moves. But the Fed is also keeping an eye—rather an envious one—on the Bank of England.

If Wall Street could be persuaded, like the London market, to think about something other than the money supply, the Fed's life would become easier. It might even find, as the Bank does, that falling interest rates and a firm bond market make it easier, not harder, to fund government borrowings and produce satisfying money figures. That is the hope, but it is only a tentative one.

Bae claims Falklands honours

BY LYNTON MCLAIN

THE Falklands task force suffered a grave deficiency with the lack of airborne warning radar cover, but missiles used in the battle had been an "unequivocal success," British Aerospace said in London yesterday at its first debriefing on the conflict.

British Aerospace supplied all of the shipborne and land-based missiles fired in the war. These shot down about 60 per cent of the 70 or so Argentine aircraft lost in the battle.

The Sea Harrier aircraft, also made by British Aerospace, also proved "outstanding," the company said. The aircraft was available for combat for 80 per cent of the time, a far better performance than the aircraft achieved in peacetime.

The aircraft shot down 30

enemy aircraft. Most were attacked with the U.S. Sidewinder heat-seeking missile, but six were destroyed by cannon fire from the Sea Harriers' 30 mm guns. One blast "sawed the wing off an Argentine Skyhawk," British Aerospace said.

The SeaWolf, Sea Dart and Rapier anti-aircraft missiles made by the company provided an "envelope of capability around the task force which had affected the ability of the Argentine air force to respond."

At the height of the conflict, it was reported from the Falklands that the Sea Dart missile had suffered from a slow speed of response.

British Aerospace insisted yesterday however, that even when "silent" and not being

fired, Sea Dart proved an effective deterrent to the Argentine forces, which also had the weapon and knew of its lethal capabilities. The 50 km radius of Sea Dart and its ability to attack at heights well above those of the enemy air force forced the Argentines to use tactics which brought attacking aircraft into the capability of the Sea Harriers and the short-range SeaWolf missile.

This forced the Argentine air force to attack at extremely low level targets that were often not of their own choosing. One crucial effect was the profusion of bombs dropped by the Argentines which failed to explode because their fuses had insufficient height to come into action.

Dublin court jails Tuite for 10 years

BY BRENDAN KEENAN, DUBLIN CORRESPONDENT

GERARD TUITE, a 27-year-old Irishman, once described as the most wanted man in Britain, has been sentenced to 10 years in jail after being convicted in Dublin of possessing explosives in a London flat.

The case made legal history, because it was the first time a person has been tried in the Irish Republic, under the Criminal Law Jurisdiction Act, for an offence committed in Britain.

The case was before the Special Criminal Court, in

which three judges bear the terrorist-type cases without a jury. Mr Justice Hamilton, the presiding judge, said he was satisfied the court had jurisdiction to hear the case. Leave to appeal was refused.

The judge said he was satisfied Tuite had access to the flat in Trafalgar Road, Greenwich, in which explosives were found between 1978 and March 1979.

The court was also satisfied that traces of nitro-glycerine were found on a briefcase

belonging to Tuite and that his fingerprints were found on books which were hidden under the floorboards with the explosives.

He escaped from Brixton Prison in December 1980 where he was on remand on charges connected with the London bombings of 1978.

The verdict will undoubtedly ease the pressures on the Irish Government to get round its constitutional difficulties with extradition.

Disagreements sharpen over measures for insolvency

Ray Maughan reports two views on receivership

THE SECOND DAY of the Financial Times conference Business Reorganisation, a Balancing of Interests, brought into sharper focus the difference of opinion between the supporters of the existing receivership system to deal with insolvency and the advocates of change.

Mr Muir Hunter, QC, one of the architects of the recently published Cork Report and a member of the Insolvency Law Review Committee, made a strong plea for intervention of society as a whole into the field of reorganisation.

He spoke of the "dreadful jungle of preferential debts which we propose to cut down."

Opening the conference on the final day Mr Hunter stressed that a floating charge was invalid if done in circumstances unfair to unsecured creditors. There were "strong historical and judicial precedents for the intervention of society in this field."

The "classic example" of society's duty to intervene was

FINANCIAL TIMES BUSINESS REORGANISATION CONFERENCE

Rolls-Royce, the gutted, "triple A company" whose debts were thought to be as good as the Government's.

If the Government had not intervened, Mr Hunter said, "there would have been a major disaster."

He considered that "the relationship between the going-concern premium of a company and its break-up value has exposed receivers to much criticism, whether justified or not."

Construction of the new insolvency court, as recommended in the Cork Report, would establish "the judge as the natural adjudicator for society," he felt.

Three speakers made certain criticisms of the Cork recommendations, some harsh, some mild. One was Mr Bill Mackey and Ernst and Whinney, a leading exponent of receivership in the UK.

In some respects he echoed the remarks made by Lord Benson, who opened the conference

charge, without any form of marginal relief.

It was not just that comparatively small sums would not justify the expense of its distribution, he felt, "but it should not be overlooked that it may induce banks to lend less money or to appoint a receiver more quickly."

"It may also be that the unsecured creditors will be distressed in cases where the banks decide to continue to lend money while the assets are reducing and the iniquitous preferential creditors are increasing."

"This is however a matter for bankers, unsecured creditors, and Government. I believe that the proposal is absolutely barmy."

Mr Stan Carylake, an assistant general manager at Barclays with special responsibility for what he described as the bank's "problem accounts," was inter-

ated by the concept of an administrator, as recommended in the Cork report, but felt that "it does seem beset by a number of imponderables and practical difficulties."

Banks "would be very concerned to see any demands placed upon receivers which would effectively put them in a legal or other type of straight-jacket."

He asked if "the unsecured creditors should benefit at the expense of the preferential creditors—you could argue all day."

"The creditors in the main have a profit motive, the preferential have none. Maybe you would just be adding to the creditors' pressure."

Among the secured advances were "most of the marginal situations—these are the ones which exercise us most."

"Certainly if the bank's security positions are weakened, more

company accounts would move, as far as we are concerned, into the category of being a marginal almost overnight."

The conference again heard much on the subject of Chapter II of the U.S. Federal Bankruptcy Code.

Two partners in the Boston, Mass., legal firm Hale and Dorr gave detailed papers on principles of reorganisation under Chapter II and the attendant tax and securities difficulties.

The conference heard a stout defence of Chapter II from Mr Thomas W. Lawless, Chief Bankruptcy Judge of the Bankruptcy Court, Boston.

He said that the total average cost of liquidation in the U.S. absorbed about 22 per cent of the gross proceeds.

Some 50 per cent of the plans filed by debtors under Chapter II were successful from the court's point of view, though he acknowledged that there were no accurate records of how these cases fared in the short and medium term thereafter.

What remains to be seen is whether the market, which has been nervous about bank shares recently, is sufficiently concerned on this score to welcome some easing of policy, or whether any relaxation will simply lead to a new flare-up of fears about inflation, and so raise interest rates still higher.

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The Bank, of course, must keep one eye on the Fed before it can follow up its recent moves. But the Fed is also keeping an eye—rather an envious one—on the Bank of England.

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What you're looking at is no Sea of Tranquillity.

Neither is it a scene from the imagination of some science-fiction artist (although we commissioned one of Britain's finest sci-fi artists to paint it).

It is what you would actually see if the waters of the North Sea suddenly became invisible.

Silhouetted against a huge moon are the four giant production platforms that form the core of the Brent oilfield.

The Brent Field, operated by Shell, lies far out to sea, roughly halfway between Scotland and Norway, and about 100 miles northeast of Shetland.

The painting shows (from left) the production platforms Delta, Charlie, Bravo and Alpha, each towering well over 700 feet above the seabed in its steel, or concrete, socks.

They are built to withstand one-hundred foot waves and winds gusting up to 160 mph while continuing to collect oil and gas, 24 hours a day, from rock depths lying some two miles beneath the sea-floor.

Floating in the far distance (bottom right) is the drilling rig Stadriil, prospecting for oil in another part of the Brent Field.

And riding the invisible seas with contemptuous ease (top right) is the 23,000 ton semi-submersible, pipe-laying barge Semac I.

FLAGS: a major new gas-gathering scheme in the North Sea.

We used Semac I to lay one of the world's longest, largest, deepest undersea pipelines. (The painting shows the pipe being fed over the stern of the barge and trailing down to the seabed.)

The pipeline is the backbone of a major new North Sea gas-gathering scheme known to the oil industry as FLAGS: Far North Liquids & Associated Gas System.

It will enable us to bring ashore the substantial and hitherto untapped gas reserves of Brent and other oilfields in the northern North Sea.

The FLAGS pipeline, 36" across and made of steel coated with concrete, runs 280 miles along the seabed between the Brent Field and St. Fergus in Scotland.

Laying it was an astonishing feat.

The North Sea is no millpond. It is quite the most hostile stretch of water the oil and gas industry has ever tackled.

Much of the pipeline was laid in appalling weather: force 10 gales, thick fog rolling in the troughs between giant waves, zero visibility.

The FLAGS system will before long be supplying some 12% of Britain's gas needs. (The Brent Field already supplies about an eighth of Britain's oil.)

But neither statistics nor adjectives (nor the vastness of our operating costs) can ever give you a real sense of the scale and scope of our work in the North Sea.

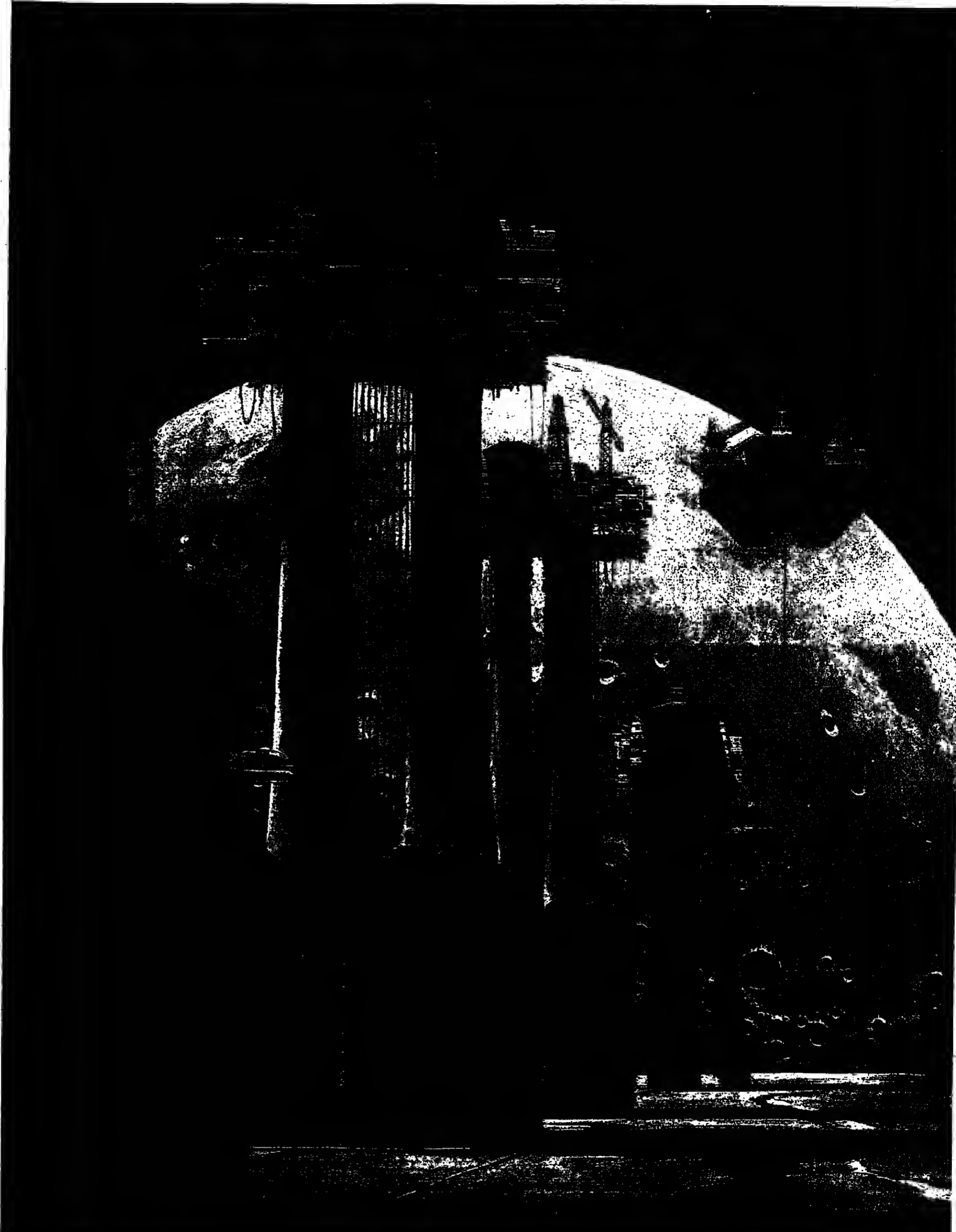
The Brent Field: an offshore oiltown.

The Brent Field, for instance, does not simply consist of the four great platforms attended by a pipe-laying barge and a drilling rig or two.

Several other giant structures (like the floating oil-storage and-loading facility, Spar) are nearby. And platforms may be attended by 'flotels' (floating hotels) and semi-submersible diving barges.

Tugs, tankers and supply boats ply the surface, the latter bringing in everything from drill-pipe, cement for well-casing and drilling mud, to food and fuel.

Under the surface, mini-sub and diving-bells are at work. While in the skies, helicopters constantly come and go,



bringing in vital tools and flying drilling crews and other technicians in and out.

Our platforms and rigs are crewed by over 3,000 men, who manage to tuck away well over 100 tons of food each week.

Power to keep the big platforms working is generated by turbines similar to those which fly large jet aircraft.

Computer banks continuously receive and process information about subsea oilwells and the many working functions of each platform, key data being relayed simultaneously to the platforms and Shell headquarters in Aberdeen.

The cost of these operations is so immense that it beggars description.

One way of putting it is that Shell's expenditure in the North Sea has amounted to more than half a million pounds per day, every day for the last eighteen years.

When we add up our chequebook stubs, our total investment to date works out at more than £4,000 million in 1981 money. Those figures double when you include the sums invested by us on behalf of our partners.

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Although there are projects which cost more, in terms of sheer technological innovation there is no other achievement on earth to match the conquest of the North Sea.

We have pushed back the limits of technology so far that the only feat which invites comparison is otherworldly: the placing of the first men on the moon by NASA's Apollo space programme.

As a matter of fact, the computer-room that monitors our operations has a great deal in common with that famous control-room in Houston.

And Shell is proud to be in the forefront of an endeavour which only twenty years ago, would have been dismissed as pure science-fiction.



You can be sure of Shell

TECHNOLOGY

EDITED BY ALAN CANE

ELAINE WILLIAMS looks at Plasma Technology and standards for satellite broadcasting

Backing for UK micro-electronics

THE BRITISH TECHNOLOGY GROUP is to back Plasma Technology, a small high technology company, to the tune of £80,000 to help it develop research machines for the electronics industry.

The company makes small gas plasma machines for research and development in industry and universities. It is one of the few British companies in this advanced but increasingly competitive field.

Gas plasma systems have a variety of applications but are important in the micro-electronics industry where they are used to produce large-scale integrated silicon chips. Gas plasma is produced by electrical discharge in a low-pressure vacuum chamber. In this state certain substances become gaseous and chemically active and can be used, for example, for etching tiny circuit patterns on silicon chips.

This technique is gradually replacing circuit etching with conventional acids because it can produce finer lines — so more transistors can be packed into the same area. In addition gas plasma does not have the severe health and effluent disposal problems associated with acids. "Plasma uses small quantities of relatively harm-

less gases," Mr Carr said. As well as etching, gas plasma can also be used to deposit thin layers of one material on top of another, another important part of the silicon-chip-making process.

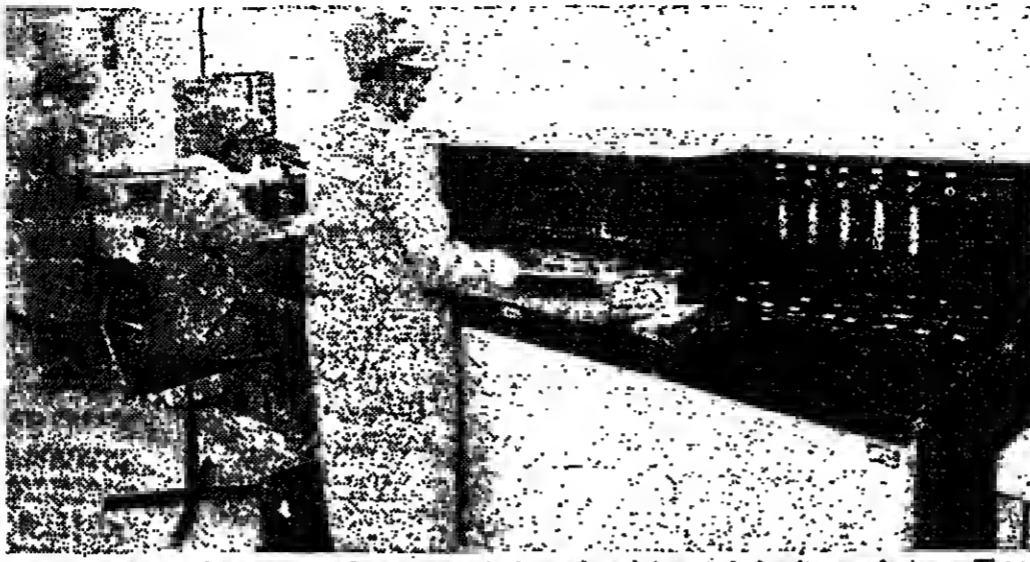
Plasma Technology has decided to keep away from the large production systems because of the fierce competition from more than 30 companies worldwide.

Plasma Technology was set up last September by David Carr and John Ball with the help of a loan from their local bank. Both worked for the rival British company T. E. Group, which specialises in the larger systems.

The Bristol-based company will achieve a turnover of £250,000 in the first year of operation. Mr Carr says that turnover should double next year, so it has become an attractive investment for the British Technology Group.

At present, Plasma Technology has limited itself to selling chips in the UK but next year it hopes that overseas orders will account for at least 50 per cent of the business.

Certainly, the finance from the British Technology Group will help it develop the products it needs to keep up with



Gas plasma machines have an important role in modern integrated circuit manufacture. They etch circuit patterns on the silicon wafers and also deposit thin layers to build up the electronic circuit.

the technology, and the Department of Industry has also agreed to provide 25 per cent of development costs under one of its schemes.

Mr Carr said: "The first four to five months we were living from hand to mouth. Things are certainly looking up now."

Instead Mr Carr believes that there is a gap in the market for more modest machines costing between £20,000 and £30,000 as research and development tools (big machine costs can cost millions).

Already big organisations such as British Petroleum, IIT

and Siemens have ordered the company's systems.

There is a range of development work being carried out in industry which lies outside the microelectronics field. For example, BP is using gas plasma to deposit thin films of amorphous silicon to form the active layers on large size solar cells.

Whitelaw to set up advisory council

MR WILLIAM WHITELAW, the Home Secretary, is to set up an advisory council to decide the future standards for direct satellite broadcasting.

A commitment to one standard is needed by November if the necessary receiving equipment is to be ready in time for the start of direct television broadcasts by the BBC in 1986.

Mr Whitelaw said: "Before reaching final decisions, which will be of great importance to our manufacturing industry and to the viewing public generally, I wish to have the benefit of independent expert advice."

Powerful

The advisory council will be headed by Sir Antony Part, chairman of the Orion Insurance Company and a former permanent secretary at the Department of Trade and Industry. Other members will be Professor Roger Griffiths, Professor of Electronics at Loughborough University, and Professor Alan Day, Pro-Director and Professor of Economics at the London School of Economics.

As its name implies direct broadcasting involves the use of a space satellite powerful enough to broadcast television programmes directly to viewers at home having suitable dish aerials to pick up the signals. It will also be possible for cable companies to pick up and distribute the signals.

The problem for the Government is whether or not to adopt

the existing national television broadcast standards—based on the West German PAL system—or to opt for a completely new one.

So far, no European standard for direct broadcasting has emerged. Also Britain will be beaten in the direct broadcast stakes by France and West Germany which begin services in 1985. France uses a different technical standard but the German system is compatible with Britain.

The Government gave the BBC authority in March to proceed with direct broadcasting in March. It will run services on two channels.

The BBC believes that Britain should adopt standards which will be compatible with the present national standards but can also provide improved sound and pictures when suitable receiving equipment becomes available.

Wasteful

It wants the Government to approve its proposals which could give viewers stereo sound and an improved picture quality with suitable new receivers. The proposed system would not affect reception on today's television sets.

Satellite signals are capable of transmitting much more information than ground-based transmitters and the BBC believes it would be wasteful to adopt a standard which could not take full advantage of the medium.

Broadband local area networks

U.S. major research to define future of LANs

THE U.S.-based market research organisation Strategic Incorporated has started a major new multi-client study intended to "define the future of broadband local area networks (LANs)."

It follows hard on the heels of the minor rumpus created by

the last report from this group followed by a visit to the UK of Michael Killen, its president, in which he further propounded the view that base-band systems like Ethernet had a limited future.

The new study is to be based

upon 50 U.S. user sites which have installed broadband LANs. It will investigate the reasons for the choice, the applications for which the LAN is used, planned applications, equipment connected, use of gateways into other networks, extent of the

use of data, voice and/or video and an examination of the procedure used to select the LAN.

Although broadband LANs are at an early stage of development, Strategic claims that they are "the one possible approach towards combining

voice, video and data on a single system." The data channel, just one segment of the broadband employed, might be Ethernet or some other transport level protocol. More from Mr D. Sik in London on 01-221 0998.

Robots

Extension arm

PUT ON the market by Fawcett Engineering of Merseyside is the Hyd-ro-wrist module, a versatile actuator assembly designed as the final extension of a robot arm. It can give powered angular movement in three axes, providing a convincing simulation of the action of the human wrist.

Three hydraulic vane actuators are used, two controlling hinge joints to give up

to 130 deg of yaw and pitch while the third gives rotary movement.

The assembly is complete with integral porting for each actuator, so that only two hydraulic connections are needed, with two sets of hoses. Facilities are provided to allow each actuator to be controlled individually or simultaneously in any combination. More on 051-645 2050.

Weighing

Axle platform

AN AXLE weigher available at about a third of the cost of a conventional weighbridge has been designed by Nova Weigh, a Kings Norton, Birmingham company.

Capacity is 15,000 kg with a weighing resolution to 10 kg. The scale uses waterproof load cells beneath a platform 0.7m long, 3m wide and with a depth of 100 mm.

If required, small ramps can be fitted so that the weigher may be used in a freestanding position. A digital readout will display and print-out individual axle weights.

More from the company at 290, Birmingham Factory Centre, Kings Norton, Birmingham: (021-459 6800).

Publication

WORSLEY-BREMER of Charrock Road, Liverpool (051-525 7468) has produced a leaflet as an aid to people who want to order for wire stitching operations, packagers, printers and print finishers, for example. Mr P. Beamish is the man to organise your copy.

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Data collection

Trans-Action from Star

STAR COMPUTER of Santa Clara, California, has a new data collection device with highly flexible input and output arrangements.

Known as Trans-Action 6100, the unit will deal with badge readers, card readers, magnetic stripe or swipe readers, bar code or OCR wand scanners, keyboards or down-loaded data from a computer.

Each unit is based on a Z-80 800 can be individually programmed to capture the data at the point of origin, store and validate inputs and on demand transmit it to a host computer.

Four separate user defined programs can be executed with a single 6100 at the same time. While input is coming in from readers and keyboard, the output can be fed to printers, VDU's, discs, tapes and so on while processed data can at the same time be transmitted to a host machine.

Star Computer is at 3080 Olcott St., Santa Clara, California 95051, U.S.A. (408) 498 6100.

Machine tools

Research seminar

A SEMINAR dealing with the various forms of financial and marketing assistance for the machine tool industry is to be organised by the Machine Tool Industry Research Association (MTIRA).

The event is suggested as of likely benefit to the smaller machine tool company where the organisation of product development is not a full time activity. The seminar is planned for September 8. Mrs Brenda Bosman at MTIRA (0625 23421) has the details.

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UK NEWS = LABOUR

Health staff say more disruption inevitable

By Our Labour Correspondent

MR NORMAN FOWLER, the Social Services Secretary, yesterday refused to allow the health services dispute to return to the forum of the Advisory, Conciliation and Arbitration Service.

The TUC health services committee, after meeting Mr Pat Lowry, the Acas chairman, said that the unions now "had no option but to pursue with the utmost vigour the campaign of industrial action, including the three-day national strike" (from next Monday).

At a separate meeting of the nurses and midwives Whitley Council, both TUC-affiliated health unions and the professional unions—including the largest nurses union, the Royal College of Nursing—refused to discuss the 7.5 per cent pay offer to nurses.

The RCN's industrial relations committee meets today to decide what line to take on the 7.5 per cent offer, up from 6 per cent since a ballot vote of their membership showed a decisive rejection of it.

It is unlikely that the committee will recommend acceptance—though opinions are divided on whether or not to ballot the membership once again, or to go for outright rejection.

A major consideration for the RCN will be the cost of the ballot, which last time cost about £50,000.

In his statement rejecting a renewed intervention by Acas, Mr Fowler repeated his claim that the offer—7.5 per cent for nurses and 6 per cent for other health staff—was final.

"There is no scope for further discussions of the kind requested by the unions. The next step is for the individual Whitley Councils to negotiate agreements within the global sum."

"There is now over £480m on the table as a result of the substantially improved offers which the Government made on July 23. This represents an average increase of 6.5 per cent backdated in April 1 this year—more than the average increase for the armed forces, teachers and civil servants."

Mr Fowler said he would wish to hold direct, immediate talks with the unions on new arrangements for determining pay in the future.

Barclays union plans action ballot

BY BRIAN GROOM, LABOUR STAFF

BARCLAYS BANK biggest union last night decided to ballot its 85,000 members on industrial action unless the bank concedes time off during the week for staff who volunteer to work on Saturday mornings.

Yesterday's decision by the Barclays Group Staff Union could prove to be a landmark in the history of the English clearing banks. The three former staff associations which now form the Clearing Bank Union, of which BGSU is a unit, have never taken industrial action.

The union's campaign will begin on the weekend of August 13 to August 16 if the bank does not agree to negotiate with a prior commitment to grant time off.

That is the weekend when the bank plans to open 33 branches on Saturday morning, August 14, as the first stage of a plan to reintroduce Saturday opening in more than 400 branches.

Adoption by BGSU members of their general committee's recommendation for industrial action would mean they would stop work across the Barclays network at 4 pm on the Friday, instead of 5 pm or later, and on the Monday would start work at 10 am instead of 9 am or earlier.

This means that branches would open at least half an hour late. The actions would be regarded by the bank as in breach of contract.

If Barclays still refused to grant time off in lieu, staff

would then be asked by the union to stop working all voluntary unpaid overtime. This might then be followed by another ballot on stronger action.

Barclays will be pressed at a meeting with the union this afternoon to make the concession on time off.

At the same time the second union, the Banking, Insurance and Finance Union, is making a similar decision on a ballot on industrial action at a two-day executive meeting ending today.

Yesterday's BGSU decision was taken by the union's 70-member general committee. A total of 186 votes were cast for the move and 10 against. The bank may take some com-

fort from a questionnaire of BGSU members carried out by the union, which showed that only 50 per cent were in favour of industrial action. However, many more said they would take part in such action if a majority voted for it.

Mr Eda Gale, BGSU general secretary, said the union had no objection in principle to an extension of bank hours, but it deplored the lack of consultation.

BGSU had appealed over the heads of the unions far volunteers to staff branches on Saturdays, and is believed to be working on the way to achieving its aim. It has so far had 10,183 signatures, enough to open 330 branches.

Tebbit pours derision on union leadership

THE SPEECH made yesterday by Mr Norman Tebbit, the Employment Secretary, to the American Chamber of Commerce, was remarkable both for its relaxed jocularity and for the outspokenness of its assault on trade union leadership.

Its immediate importance lies in the clear signal it gave that Mr Tebbit, from a position of initial scepticism, is now prepared to bring in a third Employment Bill in this Parliament, building on Mr James Prior's 1980 Act and his own Bill, which is still completing its final stages in the Lords.

Mr Tebbit's confidence is no doubt part of the general Cabinet air of political well-being. But it also owes much to what he sees as events moving in his way in the industrial relations field. Most particularly, he sees the rail crisis as being rich in lessons for the Government and for the public at large.

Indeed, he used the strike by the train drivers' union Aslef, and the bitterness which exists between it and the main rail union—the National Union of Railwaymen—to underpin his case for a change in the law which would favour mandatory election of union executives, and possibly other constitutional reforms of union rules.

He took the description given by Mr Sid Weighell, general secretary of the NUR, of the majority of his executive as being a "squawking left-wing rabble"—and said he could not argue with it. The NUR, he said, had "voted with their feet to work, and not to strike."

Trade union leaders, he said,

The Employment Secretary plans fresh legislation, writes John Lloyd

had a selective approach to democracy. "They certainly do not include under this heading such things as listening to their members, consulting their members, taking the interests and wishes of their members into account."

"For a movement which claims so loudly to be democratic, some trades union leaders have done everything they can to avoid the consequences of democracy within their own organisation."

"This has not gone unnoticed, either by the public or by the Government. When trades union leaders consistently refuse to acknowledge the need for reform in their own institutions and when the overwhelming majority of the public and even of trades union members consistently demand such reform, then even doves Ministers such as myself must pay heed."

He added: "The demands for trades union reform are strong and they are growing. This is perhaps the only positive result so far of the rail strike. No government can afford to ignore such insistent demands."

Mr Tebbit got a big laugh from his audience of US and British businessmen when he told the story of the recent judgement in favour of Mr Der Fullick, the president of Aslef.

Mr Fullick had won a new court settlement against the Sun newspaper for reporting that he had threatened to row Mr Len Murray, the TUC

general secretary, down a lift shaft, when in fact the incident was aimed at Mr Wells.

He hammered home his serious point beneath the laughter—that union members could only watch "while their jobs are at stake and the future is squabble in that room."

Mr Tebbit, in speaking with his radical reputation, threw over the tradition that Government Ministers paint a rosy picture to foreign executives. Instead, he lashed into the unions, inviting his hosts to join his merry of them and his estimate of their low standing in his country.

"The 10 unions today are the most significant, unrepresented institutions in our system. They are probably also the most unrepresentative. In Britain we have one of the most highly unionised workforces in Europe."

"They back their great size by having unrivalled power to give their ends. They enjoy legal immunities which are not enjoyed even by the Crown in its own country."

He went on: "They benefit from the widespread practice of the closed shop which gives them authority over a vast number of conscripts who are press-ganged into the union army. And they enjoy the freehold ownership of what was once one of the great political parties of our country. No other union movement in Europe can match their

strength. And no other union movement in Europe can match the depths of their failure."

Mr Tebbit's case, then, is that an unrepresentative union leadership has led to its members down a blind alley of whipped-up militancy to the poorest pay in Europe. He can see widespread rebellion in the ranks. And his aim seems clearly enough to introduce legislation which will give shop-floor and office-floor opinion a direct say in the election of its leaders.

He left his audience with a further anecdote, fitting for an ex-airline pilot, and fitting for an American audience. "During the war, U.S. bombers passed over various islands in the Pacific dropping supplies."

And ever since, instead of working to support themselves, the half-starved natives have been praying for the return of the great winged gods who brought them food and supplies. That is precisely the economic philosophy of some union leaders. And that is precisely why the average British working man is so much less well off than his European counterpart."

Mr Tebbit left his audience with a nod of approbation for a "good" union leader, singling out Mr Joe Wade, general secretary of the print craft union the National Graphical Association, for his speech earlier this month to his biennial conference. In it, Mr Wade recommended more flexible working practices. Mr Wade, who is unused to such praise from Tory ministers or employers, will no doubt be embarrassed by it.

David Goodhart talks to Aslef members Doubts grow as striking train men think of sacking threat

THE "we can win" bravado of the train drivers' union Aslef executive is not shared by many of the members in Peterborough or Leicester.

There are few strike breakers in either branch, five out of 160 in Peterborough, and about 15 out of 140 in Leicester, but there is deep pessimism about the union's chances.

Indeed, Mr Don Bates, Aslef branch secretary in Peterborough, is already talking about how to minimise the impact of defeat. "We must go back together and not drift back one by one," he said.

He admits that up to a third of the branch could be classified as wavering with even more if the sacking threat goes ahead. Mouthpiece of the doubters has been Mr Charles Swift, Labour leader of Peterborough City Council, who has stated publicly that it is the wrong time and the wrong issue for a strike.

Mr Swift, like most of the other doubters, has so far remained on strike but Mr Bates accepts there is the possibility of a collapse. His colleague, Mr Peter Harradine, said: "We are in a much weaker position than in 1955. This time they really could close down most of the network and they would never

have dreamt of sacking us all 20 Those fears are echoed elsewhere in Peterborough by Mr Keith Luckey, the 600-strong NUR branch secretary, who said: "We are scared of a long dispute. We don't think Aslef can win and they are now risking our jobs, too. If they were a good set of troops they would fall back and regroup."

The six NUR drivers in Peterborough are all working, and the branch has sent a message to Mr Sid Weighell asking him to urge Mr Len Murray to intervene.

The Aslef branch in Peterborough is also one of the many to send resolutions to the executive in London urging a recall of conference to "seek a further mandate on flexible rostering."

Mr Bates emphasised that the resolution was not a direct demand to call off the strike. He said: "What we are trying to do is give the executive a bit of flexibility over the new rostering. But we must have some flexibility from BR, too."

In Leicester there was bitterness with the pessimism. "It makes me sick to think that we've had 15 of our men working today," said Mr Harry Wat-

son, the acting branch secretary.

He took over the branch last week after Mr John Shelley, the previous branch secretary, resigned over the strike call. After going in to work for one day Mr Shelley joined the strike but he was still not willing to talk about his resignation yesterday. The strike breakers in Leicester were also keen to avoid newsmen whom I found some of them in the depot car-

Their motives for working seem to be mixed. For some it is just an extension of the doubts felt by many strikers about the future of the network, but for most others it is more mundane financial pressures.

The strikers in Swindon, Peterborough and Leicester, all said that the strike breakers tended to be the younger men with less loyalty to the union.

In Swindon, like most other parts of the Western Region, they were digging in for a long strike. Some men had been trying to get bank loans with mixed results. But in Peterborough and Leicester despite the deep grievances on pay, rostering and BR's new aggressive management style, few men could contemplate a long strike.


Mersey docks strikers meeting today

THE 250 dockers employed by the Mersey Docks and Harbour Company who have been on unofficial strike at Birkenhead, for 10 days are to hold a quayside meeting today to consider their isolated position.

Shop stewards will again recommend an immediate return to work to "enable negotiations to continue on their claim for substantial compensation for reorganisation and a £900-a-year travel to work allowance. This follows their transfer to the Liverpool Docks after the company closed its cargo handling operation at Birkenhead as an economy measure."

Meanwhile, the rest of the Port of Liverpool worked normally yesterday although the company dockers have warned they will black any ship on which the Birkenhead men should be working.

In war, in peace you need his help

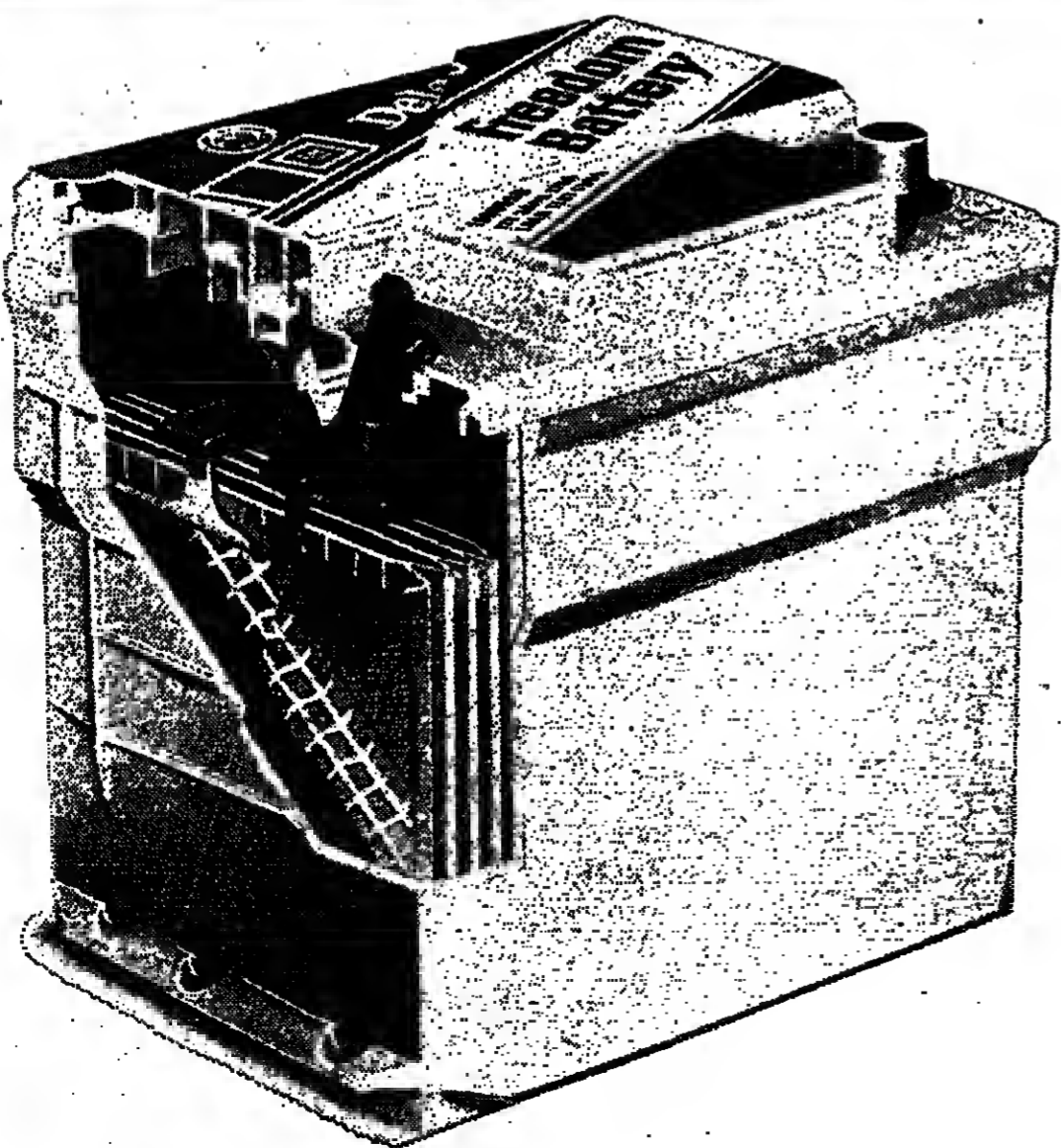


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GARDENS TODAY

Bedding plants for all seasons

BY ROBIN LANE FOX

SIX WEEKS ago, you were all buying bedding plants in boxes at prices which made you hope the weather would suit them. By now, they are into their stride, showing how wide are the flowers on a modern petunia and how sweet has been bred out of most of the multi-coloured tobacco plants.

and rustled petals, from which most modern show varieties are now descended. A Spencer in the family is supposed, I fear, to have been bred for the children's virtue. It improved their family's showiness and lost its natural scent.

The best sweet peas grow above a two-foot deep trench filled half and half with loam and rotted manure. This heavy seeding is a proven practice, but, at the same time, growers are always told that sweet peas like other leguminous plants will fail if given too much nitrogen as a fertiliser.

"deserves more popularity." Matters have not changed. The lists all stock it but I wonder what happens to the packets they sell. Drifts of this foot-high blue, white and pink annual so seldom appear in the gardens which I know; all weathers suit this rough-leaved annual and its cup-shaped flowers and I have never been led down by it in any season wet or dry.

FT COMMERCIAL LAW REPORTS

Right to retain profits for diversification

WILSON AND GARDEN LTD v COMMISSIONERS OF INLAND REVENUE House of Lords (Lord Fraser of Tullybelton, Lord Russell of Killowen, Lord Lowry, Lord Roskill and Lord Brandon of Oakbrook): July 8 1982

A TAX INSPECTOR may not apportion among the participants of a close company profit in excess of the company's distributions which it has retained for the purpose of diversifying its business in order to generate further profits.

The House of Lords so held when dismissing an appeal by the Inland Revenue Commissioners from a decision of the First Division of the Court of Session in Scotland, that profits of Wilson and Garden Ltd, a close company, should not be apportioned among its participants by the Inspector of taxes.

The number of shareholders sold. Early in 1978 the board of directors came to the conclusion that it was essential to find other means of creating profits in order to maintain the trading position.

the demand for the taxpayer's products, requiring development of some new line of business; or the normal supply of raw materials might suddenly cease, requiring the taxpayer to acquire some trading company which produced not only those materials, but others as well.

BBC 1

- 6.40 am Open University (UHF only). 10.25 Cricket: The Nat-West Bank Trophy, second round. 1.00 pm News After Noon. 1.27 Regional News for England (except London), London and South-East: Financial Report. 1.30 King Rollie. 1.45 Rio-a-Brac. 2.45 Pobl Y Cwm. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Joy and Redhawk. 5.05 Newsround. 5.10 The Monkeys. 5.40 Evening News. 6.00 National News Magazines. 6.25 Nationwide. 7.00 The Wednesday Film: "Doctor in the House" starring Kenneth More. 8.30 Now Get Out of That! Two teams accept the challenge to cope with the unknown for 24 hours in the open. 9.00 News. 9.30 Mary Stuart: An opera by Donizetti, with Janet Baker, Rosalind Plowright and David Rendall. 11.50 News Headlines. † Indicates programme in black and white.

TELEVISION

Tonight's Choice

The tragic death of Kenneth More removes from the world of entertainment an actor who so often provided us with screen portrayals of the classic Englishman. These performances ranged in scope from comedy, "Genevieve," to drama, "Reach For The Sky." Tonight BBC-1 shows one of his light-hearted classics, "Doctor In The House."

LONDON

- 9.30 am Cartoon. 9.40 India. 10.30 The Rocking Chair. 11.10 Struggle Beneath The Sea. 11.35 FreeTime. 12.00 World Tell You A Story. 12.10 pm Rainbow. 12.30 The Communicators. 1.00 News with Peter Sissons, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Look Who's Talking. 2.00 After Noon Plus Revisited. 2.45 Beyond Westworld. Jim McManus. James Wright. In "Westworld Destroyed." 3.45 Three Little Words. 4.15 Dr Songies. 4.20 Storybook International. 4.45 Andy Robson. 5.15 Around London. 5.45 News. 6.00 Thames News. 6.25 Help! 6.35 Crossroads. 7.00 Where There's Life. 7.30 Coronation Street. 8.00 The Dick Emery Hour. 9.00 Something in Disguise: Anton Rodgers, Richard Vernon, Ursula Howells in "First Sight." 10.00 News. 10.30 The Police and the Public: "Until Proved Guilty." 11.30 Mannix. 12.25 am Sit Up and Listen.

RACING

course for the £8,000 Champagne Stakes, Lyphard's Special showed a fair degree of promise when down the field behind The Quiet Don at Salisbury. A second potentially smart youngster in action this evening is Bill O'Gorman's Boom Town Charlie among the runners for the Willow Stakes.

TYNE TEES

- 8.20 am The Good Word. 8.25 North-East News. 8.30 The History Makers. 8.35 European Folk Tales. 10.10 Cries. 11.00 Survival. 11.25 Singing. 11.50 Survival. 1.20 pm North-East News. 1.25 Crossroads. 6.25 Northern Life. 1.00 Falcon Crest. 10.30 North-East News. 11.30 At Home With The Spinners. 12.00 Get It Right.

YORKSHIRE

- 9.30 am Sesame Street. 10.30 Jeanie of Star Corner. 10.15 Patsy Stone. 11.00 Bow and Arrow. 11.55 The Undersea Adventures of Captain Nemo. 4.20 Calendar News. 2.45 The Archers. 5.15 The Great Yorkshire Show. 5.00 Calendar (Emley, Mars and Belmont editions). 5.00 Falcon Crest. 11.30 The Living Legends of Jazz and Blues.

All IBA Regions as London

- ANGLIA: 8.55 am Mumbly. 8.45 International Ours. 10.10 Film: "The Amazing Mr Blunden." 11.50 Watton. Watton. 1.20 pm Anglia News. 2.45 Watton Back. 3.15 Watton. Watton. 5.15 Private Benjamin. 5.00 About Anglia. 7.15 Where There's Life. 8.00 Falcon Crest. 11.30 Hollywood. 12.35 am Personal View. CENTRAL: 9.50 am Terry Fox: I Had a Dream. 11.00 Haploping. 1.20 pm Central News. 2.45 Palmatrust. 5.15 Offbeat Stripes. 6.00 Crossroads. 6.25 Central News. 6.30 Falcon Crest. 11.30 Reply: The News Octopus. GRANADA: 9.30 am The Solis System. 5.50 Wednesday Matinee: "Lectric Hall." 11.00 Sesams Street. 1.20 pm Granada Reports. 2.00 Winners and Losers. 2.30 Putting On The Style. 2.45 Palmatrust. 5.15 Welcomes Back Kater. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 9.00 Falcon Crest. 11.30 Dear Detective. HTV: 8.55 am 3-2-1 Contact. 10.20 Beachcombers. 10.45 The Extraordinary People Show. 11.10 The World We Live In. 11.35 Separatist Profile. 1.20 pm HTV News. 2.45 The World Country. 4.15 Ask Oscar! 5.15 Singing. 5.30 HTV News. 6.00 Falcon Crest. 10.28 HTV News. 11.30 The Living Legends of Jazz and Blues. ITV: Cymru/Wales-As HTV What except: 11.10 Vicky the Viking. 12.00 Ty Bach Twt. 4.15 Here's a Boomer. 4.45 Report Wales. SCOTTISH: 10.00 am Wild, Wild World of Animals. 10.25 Summer Matinee: "The Day The Earth Caught Fire." 1.20 pm News. 1.05 Summer Season (S). 2.00 What the Critics Said. 2.50 Percy Andridge Granger (S). 3.35 Beethoven Huber. 4.00 The World (S). 4.55 News. 5.00 Mainly For Pleasure (S). 5.30 John Aldie. 6.00 (S). 7.00 The Man on the Hill. 8.00 Cheltenham Festival 1982. 8.15 Cheltenham Festival 1982, part 2. Mozart (S). 10.05 A Century of Poetry. 10.30 Tchaikovsky (S). 11.15-11.18 News. RADIO 4: 6.00 am News Briefing. 6.10 Farming Today. 6.30 Today. 8.33 Yesterday in

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TVS

- 8.25 am Sesame Street. 10.30 Documentary (Novel). 11.25 Bally's Bird. 11.50 Sally and Jake. 1.20 pm TVS News. 2.45 Play. "Miracles And Miss Langham." 5.15 Gus Henegby's Magic Birthdays. 5.20 Crossroads. 6.00 Today South-West. 6.30 Television. 6.40 SpartaWeek. 6.50 Falcon Crest. 10.28 TVS Late News. 11.30 Veges. 12.25 am Postscript.

YORKSHIRE

- 9.30 am Sesame Street. 10.30 Jeanie of Star Corner. 10.15 Patsy Stone. 11.00 Bow and Arrow. 11.55 The Undersea Adventures of Captain Nemo. 4.20 Calendar News. 2.45 The Archers. 5.15 The Great Yorkshire Show. 5.00 Calendar (Emley, Mars and Belmont editions). 5.00 Falcon Crest. 11.30 The Living Legends of Jazz and Blues.

RADIO 1

- (a) Steve broadcast (when broadcast on VHF) 5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.00 David Jensen with the Radio One Roadshow from Northern Ireland. 12.30 pm News. 12.45 Dave Lee Travis. 2.00 Paul Burnett. 4.30 Peter Dinklage including 5.30 News best. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00 John Peel (S).

RADIO 2

- 5.00 am Roy Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gene Huntford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 John Dunn (S). 8.00 Alan Ollie. 9.30 Ameng

RADIO 3

- 8.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 8.00 News. 9.05 This Week's Composer (S). 10.00 Schubert and Hindemith (S). 11.00 Mozart in Paris in 1778 (S). 12.00 BBC Concert Orchestra (S). 1.00 pm

RADIO 4

- 6.00 am News Briefing. 6.10 Farming Today. 6.30 Today. 8.33 Yesterday in

Notice to the Holders of FUJIKURA CABLE WORKS, LTD.

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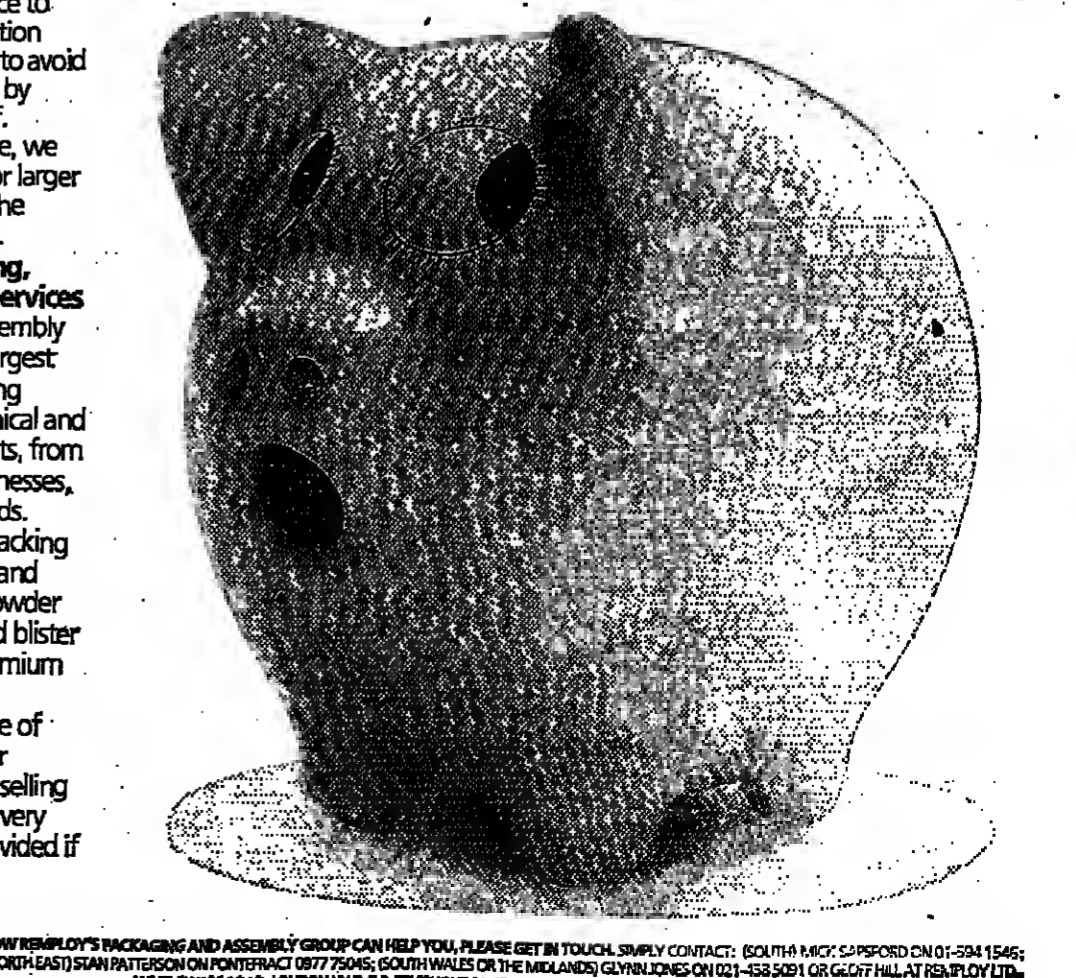
Expanding your horizons needn't mean reducing your reserves

Expanding production capacity will be an important step towards meeting increased demand as the country emerges from the recession. Unfortunately, the investment needed in additional plant and staff could prove prohibitive. Valuable capital could be employed which, should the extra capacity be under utilised, could affect future financial performance.

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THE MANAGEMENT PAGE

Making a bigger business out of buying

In the first of several articles on the upgrading of certain jobs, Arnold Kransdorff talks to Whitbread's purchasing director

DAVID SHERIDAN is learning to live with the fact that many of his professional colleagues talk about him behind his back, even though he suspects that most of what they say is unflattering.

The reason, he believes, is that he holds controversial views on how members of his profession should do their job, whenever he can be seen to do so, either on public platforms or through the columns of the trade press.

This earns him no prizes in popularity, but he is unapologetic in his thesis that the purchasing departments of most industrial companies are still operating in the dark ages.

This is because purchasing managers have not generally asserted themselves in the corporate hierarchy, says Sheridan. As a result, the purchasing function languishes within management—an undervalued and under-respected role given the relative importance of buying in materials to the final cost of any product.

Sheridan thinks he is well qualified to make this observation, having spent more than 30 years in purchasing for the toy, confectionery, paper, glass and brewing industries. For the past 12 years he has been with Whitbread, latterly as the company's purchasing director, a non-board appointment comparable in status with the managing director of a regional operating company.

He was brought in to set up the purchasing function from scratch, the previous operation having been the responsibility of departmental budget holders.

His appointment—through a headhunter—resulted from the advocacy of a more professional approach by a main board director who had come from Ford, a company with progressive ideas on purchasing.

Few companies, maintains Sheridan, rate the purchasing function as high as do Ford and Whitbread—a factor that reflects the poor esteem in which it is held.

Another symptom is pay. Top buyers nearly always languish near the bottom of the executive pay league although—as Sheridan points out—this is begin-



Profile

ning to change in larger companies.

"Twenty-odd years ago a top buyer would earn around a third of the chairman's salary. Today the figure would be nearer to 50 per cent, but there are only a handful of them around. The majority are still earning a third of their chairman's pay—largely because they are still doing the same old jobs."

At Whitbread, Sheridan handles expenditure of £200m a year with a staff of 38. He is involved in securing all the company's capital equipment, as well as carpets, light bulbs, and many other low value items. Many wines, spirits and the services of utilities are excluded.

Technologists

Cutting purchase prices obviously has a significant impact on profits. Yet he says the purchasing departments of many industrial companies are seen as mere procedural departments, which place orders or run-of-the-mill items with traditional trade suppliers and monitor the incoming goods.

Where the buying of expensive items such as capital goods is concerned, purchasing departments generally hardly get involved, except in a purely administrative capacity. The decisions are usually made by "technologists" such as engineers, who are the budget holders, says Sheridan.

When that happens buyers often feel it necessary to get involved and criticise the technological choice. "In that event the exercise becomes a waste of time, because the buyers get overruled by the engineers who rightly say they have no technological expertise," says Sher-



"Self-caught" is how David Sheridan (above) describes himself. After being demobbed from the army in 1948 he joined a small private company which imported mechanical toys from the Continent. Two years later he joined Sharps Toffee, where he stayed for 11 years, first in the buying department, then as an export sales executive and finally as chief buyer. He was in this role that he joined Bowater Scott in 1961 and in 1967 he was asked to take over the company's marketing operation, a job he found unrewarding. As a result he moved to United Glass as group purchasing manager in 1968 and was subsequently head-hunted by Whitbread.

dan. "Engineers will also react adversely because they usually see that type of interference as representing an erosion of their responsibility and power."

Sheridan believes that the role of the industrial buyer in larger companies should be an entrepreneurial one. "Today a buyer has to be a highly skilled negotiator and not a pseudo-technologist. Most industrial buyers wrongly see part of their role as being involved in the technological side of buying decisions. They should not assume someone else's expertise."

Decisions about choice of capital equipment should be left to the technologists—without question—Sheridan emphasises. "The buying department should be told what to get. It is then up to the buyer to negotiate the best possible price."

As one of a new breed of purchasing manager who sees his job as a money-making role as opposed merely to a supplying role, Sheridan reckons that with his modern approach to purchasing he has an automatic competitive edge.

To play their part, his staff have to be more than form-filers and checkers, the traditional role of the industrial buyer. For one thing they have to be highly numerate. They have to know about money market rates, both in the UK and abroad, and about leasing. They also have to know about the techniques of the foreign exchange and commodity markets—such as how risk can be hedged by buying forward. Their other skills include having to know something about contract law and, in order to be able to maximise on capital allowances, the vagaries of corporate taxation.

Tips for time-wasters

LAUREN JANUZ and Susan Jones are, in a way, weight watchers—of the industrial kind.

They believe managers waste much of their time. By disciplining themselves in simple ways, they believe, individuals can "cut the fat" from their habitual schedules and get rid of the activities and chores that do not give full value for time spent.

Although they do not put a figure on how much time they think is wasted, they estimate managers could increase their productivity by 15 per cent a month by acting on certain tips and suggestions on telephoning, reading, writing, dictating, delegating and travelling.

Januz and Jones are the authors of a new book called *Time Management for Executives*, which suggests that the hourly cost of a \$28,000-a-year manager is probably around \$160, taking into account overheads and support personnel, such as a secretary.

They maintain that knowing one's money value is essential in helping an individual to focus on what is the most productive use of time at any given moment.

After that, he or she needs to understand certain personal characteristics—such as whether one is a morning or a night person.

Januz and Jones go on to recommend Flexitime to accommodate these biological peaks and troughs.

The two authors also believe that physical fitness plays an important part in good time management. Some form of physical activity also relieves stress, they say.

Accordingly, they recommend a routine of office callisthenics. Among them:

● Grasp the bottom of the chair as you sit. Use both hands, keeping your feet on the floor and your arms and back straight. Lift up; you will stay seated but the tension will leave your back and arms.

● Squeeze the phone as hard as you can before you hang up. You will rid yourself of harmful muscle tension.

The authors have hundreds of suggestions for time saving, most of them pedestrian ideas such as "avoid procrastination" and "set deadlines." But there are also some gems.

● If you tend to be late for appointments, set your watch ahead of time.

● Do not mix business calls with pleasure chat.

● Always hold meetings in other people's offices, so you can leave when you want to. One way to avoid playing host is to get rid of extra chairs. There's nothing like being unsociable at work!

* Sidgwick and Jackson. Price £7.95. AK

BOARDROOM BALLADS SPOILED FOR CHOICE

I trod, where fools alone may tread,
Who speak what's better left unsaid,
The day I asked the boss his view
On what I was supposed to do;
For, after two years in the task,
I thought it only right to ask,
In case I'd got it badly wrong
* Ad-hoc'ing as I went along.

He quizzically raised his eyes
And made no effort to disguise
That, what had caused my sudden whim,
Had equally occurred to him;
And thus did we embark upon
Our classic corporate contretemps,
To separate the fact from fiction,
Bedevilling my job-description.

For first he asked me to construe
A list of things I really do;
A note of what he promised—would prepare
And, with the two, we'd take as well
The expert view from personnel,
And thus eliminate the doubt
On what my job was all about.

But when the boss and I confabed
The tasks we'd separately stated,
The evidence became abundant:
That one of us must be redundant;
For one of us stated I was doing
He claimed himself to be pursuing
While his role, on his definition,
Was way outside my recognition.

He called in personnel to give
A somewhat more definitive
Reply, but they, by way of answer,
Produced some vague extraneous,
Depicting, in a web of charts,
Descriptive and prescriptive parts
Of tasks, the boss and I agreed,
Can't possibly refer to me.

So, hanging limply as I sat,
In limbo on the diagram,
Suspended by a dotted line
From functions that I thought were mine,
I felt it's maybe for the best
I made my innocent request;
I hopefully await their view
On which job of the three to do!

Bertie Kransdorff

Next week: Chairman past and present

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Deductible losses

For the last few years I have had a net loss on the letting receipts of a furnished house, after taking into account all the allowable deductible items viz gross annual value, rates, maintenance and insurance, and 10 per cent for wear and tear. Can this net loss be allowed as a deduction from other income?

We take it that you have elected (under section 67(2) of the Income and Corporation Taxes Act 1970) that paragraph 4 of schedule A should not apply. Be that as it may, the loss is deductible only from income assessable under case VI of schedule D (by virtue of section 176 of the Taxes Act). VI income at present, apparently, you should claim relief under section 176 fairly soon, because of the time limit in subsection 5.

Fixed term letting

I own a flat with a car space in the basement. I intend to rent the car space. What agreement should I have so that I can get the space back if I sell the flat or purchase a car? If you let the car space separately from any other premises and impose a covenant not to use the property demised for the purpose of any business or profession, the letting will

not be subject to any form of control and you can recover possession at the termination of the contractual tenancy. A fixed term letting is advisable.

Private company

About seven years ago I was given some shares in a private limited company for services that I had rendered to the managing director. Since that time I have never received any notices of AGMs, accounts, etc. What steps can I take to get these and what steps, if any, can I take to realise my holding?

The accounts of the company may be inspected in the Companies Registry at Companies House, Crown Way, Maundy, Cardiff. There will in all probability have been no dividends declared in a company of the kind you mention; and the shares, if it is a minority shareholding, are likely to be incapable of realisation without the consent of the directors. You ought to have had notice of all company meetings, and it might be wise to write to the company secretary to inquire why you have not had any such notice.

Eligibility for redundancy

I am the managing director of a small building maintenance company established

as a limited liability company in October 1960. Because of difficult trading conditions and lack of orders my three employees were made redundant on January 1. The first advice of redundancy, Form RP1 included myself with date and weekly pay to be advised. This produced a call from an official who, as I understood it, approved all four redundancies (Form RP5).

My redundancy has now been fixed for an early date and advice of this resulted in a telephone call saying that we should not rely on receiving the government contribution in respect of myself, but they would communicate with us again. The government contribution in respect of the three employees has been paid.

What is your opinion please as to whether or not the government contribution should be paid in respect of myself? It would be necessary to look at your contract of employment with the company in order to advise you. If you were only entitled to remuneration as a director without a contract of employment you would not be entitled to a redundancy contribution.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.



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New Issue July 14, 1982

All of these bonds having been placed, this announcement appears for purposes of record only.

INTER-AMERICAN DEVELOPMENT BANK Washington, D.C.

DM 150,000,000
9 3/4 % Deutsche Mark Bonds of 1982, due 1989

Offering Price: 100%
Interest: 9 3/4 % p. a., payable on July 15 of each year
Repayment: on July 15, 1989 et par
Listing: Frankfurt am Main, Berlin, Düsseldorf, Hamburg and München

Deutsche Bank Aktiengesellschaft	Westdeutsche Landesbank Girozentrale
Dresdner Bank Aktiengesellschaft	Commerzbank Aktiengesellschaft
Bankhaus H. Auhäuser	Bank für Gemeinwirtschaft Aktiengesellschaft
Bayerische Landesbank Girozentrale	Joh. Berenberg, Gossler & Co.
Berliner Handels- und Frankfurter Bank	Bankhaus Gebrüder Bethmann
Deutsche Girozentrale - Deutsche Kommunalbank -	Deutsch-Südamerikanische Bank Aktiengesellschaft
Georg Hauck & Sohn Bankiers Kommanditgesellschaft auf Aktien	Hessische Landesbank - Girozentrale -
Merck, Finck & Co.	B. Metzler seel. Sohn & Co.
Seel. Oppenheim jr. & Cie.	Schröder, Münchmeyer, Hengst & Co.
Verkehrs- und Westbank Aktiengesellschaft	M. M. Werburg-Brinckmann, Wirtz & Co.
Bayerische Vereinsbank Aktiengesellschaft	Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft
Berliner Bank Aktiengesellschaft	Delbrück & Co.
DG Bank Deutsche Genossenschaftsbank	Landesbank Rheinland-Pfalz - Girozentrale -
Norddeutsche Landesbank Girozentrale	Trinkaus & Burkhart
Westfälische Bank Aktiengesellschaft	

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July 14, 1982

THE ARTS

Television

Nigel Andrews

Only when I laugh



Geraldine McEwan and Paul Scofield in 'Come into the Garden, Maud'

"It's a doh. You turn it upside down and it says, 'You can cut that out for a start'..."

M & W's magically-crafted comedy often seems to stand out a lone lighthouse amid the seas of more unintentional mirth that cover the television globe and have been amply in evidence this last week.

The chief thing that made a difference to the result of this match, of course, was the Italians' kicking ability off the ball. For those watching the game in black-and-white, the Italians were the players standing up, the West Germans the ones spread-eagled on the pitch.

after the final whistle (Pertini took a while to respond—he was knocking his pipe out on the balcony rail), Motson quickly fustered, "It's the Italian President... and Schmidt." Neither being marked down in his team lists, the disarray was understandable.

to help motorists. Definitely not-a-jape, on the other hand, was the moment in which Isla St Clair, serene Jitrother, visibly bristled at the guest who had the nerve to call her "Izla" Gasp. Miss St Clair froze and shot the look-that-kills. A flicker of authentic human response. But the programme ended in standard forced-merriment TV style, with Lynnam being coaxed across the studio on one of those new-fangled bikes who straddle feet-fetters, with many an all-together-now chuckle from the boys on the floor.

Whatever Happened to Britain? edged towards the highly suspect with the first glimpse of its presenter John Eatwell's red tie and his obdurate, even heroic, refusal to define free-market Capitalism by its basic, simple, rational tenets of Supply and Demand. Instead, laissez-faire economics were defined and damned for Eatwell by their enshrinement of the omnipotence of MONEY.

watched closely, to further monitor the colour of Eatwell's tie, but on the evidence of episode one, he seems like a pamphleteer for Statism let loose in the land of fiscal freedom, a Common Marxist in the Common Market.

The strangest interloper of the week, however, was Paul Scofield, bloodily miscast but determinedly unbowed in two Noel Coward plays. In Come Into the Garden Maud he donned a transatlantic drawl that was all vowels and glottal stops and bass judders to play a rich American staying in Switzerland, possibly for an operation to have his ears restored. "I didn't know you read a show" (=ran a shop) he burred to princess Geraldine McEwan, who was gazing her own vocal speciality of speaking-all-in-one-sentence-with-occasional-sudden-shift-of-ocave.

This eddity auto-destructed by my watch after 30 minutes. When the dust cleared two days later, we were back in the same hotel-suite watching Scofield at work in A Song At Twilight. This time he was a bisexual British writer dalling with ex-fame Deborah Kerr. It wasn't any better as a play, but at least Scofield had found speech. And the face is always mesmerising: ravine lines around a pursed mouth, the colossal eye-bags, the quiff of grey hair, the fartholous piercing eyes.

Elsewhere, great highlights of the TV week included the unforgettable aerial views of the boat-swarmed Cambera docking in Southampton; a giant white Lohengrin's swan surrounded by bustling mini-tygnetts. And Koppie—A Rock for All Seasons, a fine documentary about the Serengeti, where film and TV camera-teams must by now be so thick on the plain as to be a nuisance to passing livestock. "Excuse me, I'm a migrating wildebeest, could I get by?" Low-light of the week was the terribly jolly shenanigans of a seaside repertory company after the war, numbering among its troupers the deaf, the old, the drunk, the lame and the vainglorious. Iain Cuthbertson plays the managerial manager. And John Fraser, who once young-advised through The Trials of Oscar Wilde, is the crutchy Scots doctor with spindly specs and brains issuing from his nose. Sic traisit Lord Alfred Douglas.

Handwritten note: July 14/82



Ian McDiarmid and Judy Davis

Insignificance/Royal Court

Michael Coveney

High above New York in a hotel bedroom, Marilyn Monroe hears Albert Einstein and recalls him with a brilliantly lucid resume of the Theory of Relativity. The old man staggers back amazed. "Now," declares Monroe, her part of the pact delivered, "you've gotta show me your legs."

Although the characters of Terry Johnson's breezily entertaining, gettily written new play are not identified, the encounter is not entirely fanciful. Einstein and Monroe did in fact meet and were much taken by each other—their acquaintance was as delightfully improbable, perhaps, as that of T. S. Eliot and Groucho Marx.

"The Professor," as he is dubbed, is simultaneously pursued by a fat Senator anxious for testimony in front of the Committee for Un-American Activities. The year is 1953. Monroe is filming The Seven Year Itch on the street outside and her second husband, "The Ball Player," is hammering at the door.

While Monroe wants to spend the night with Einstein (since she discovered how old he was, he has gone to the top of her list), her main interest is in his work of unifying the fields of space and time. McCarty, on the other hand, wants the atomic research handed over to the President's men. Having laid out his stall, Mr Johnson cleverly jumbles the commodities to write a touching comic piece about the strain in the relationship between Monroe and her equally exalted partner, Joe Di Maggio.

McCarty nearly falls for Monroe's sexual tactics, but retreats with a punch to the stomach that hriogs on a miscarriage. Around the edges of all this, Ian McDiarmid's Einstein enters on a wistful collision course with the hard detail of emotional transaction. He, like Monroe, is at a crisis point in his work. He is suddenly overwhelmed by the insignificance of it all, and his fear of its implications is enunciated in a startling whirlwind that

rushes through the bedroom curtains. The play avoids all the usual pitfalls of Marilyn Monroe tributes on stage or page, thanks mainly to the inspired casting of the Australian actress Judy Davis (best known for the film My Brilliant Career). Attired in a cream, pleated replica of the dress in which the star stood orgasmically squirming by a wind machine on a New York pavement, Miss Davis projects as much natural charm and intelligence as lassitudinous carnality and rumped indolence. It is a marvellous performance that takes you straight to the heart of the doomed idol with minimal tricks of impersonation.

Les Waters's splendid production is well served, too, by the violently contrasted studies of American manhood from William Hootkins as the senator and Larry Lamb as Di Maggio. The two of them are locked in a wonderful solipsistic dialogue in the second act.

Jackson Browne/Odeon Hammersmith

Anthony Thorncroft

It is six years since Jackson Browne last played a London concert, a depressingly long interval for one of the giants of contemporary music. In the time he seems to have changed more than his audience. He looks younger and happier and his music has become much more raunchy. From being the most plaintive of singer-songwriters, performing aching heart breaking songs about death, unsatisfactory relationships, and the lure of the highway to a mournful piano accompaniment, he is now the front man to yet another excellent American rock and roll band. For the audience there is the need to adjust.

It was enjoyable to get a second band frisson from his clever imaginative lyrics while the melodies stretched out towards yet another emotional crescendo. Fortunately his brist and boisterous later material is served up by an excellent band, with Danny Korichmar and Rick Vito on guitars competing against each other for ace soloist spot, and Jackson Browne himself revealing tremendous physical presence. There was the occasional withdrawal to the piano and the odd solo number, but in the main he was but front with his guitar making even unrecorded songs like "Tender is the night" sound useful. There was also an opportunity for his

CND leanings when Chieftain Paddy Malone played the pipes on Sydney Carier's "The crow on the cradle," but for much of the two and a quarter hour set it was a rocking Jackson Browne rather than a vulnerable sensitive. He should stop trying to communicate verbally with the audience: it kills the show, but for the rest you will hardly see a better example of laid back Californian cool. There is enough of the old (the still performs "The Pretender") for the faithful to retain their moorings, and generally it is cheering to see that he is in such good voice and high spirits. A much recommended concert of American music on offer until Thursday.

La Bohème/Covent Garden

Max Loppert

The latest Royal Opera Mimi is Eugenia Moldoveanu, and very fine. The Romanian soprano, previously seen here as Tatjana (and a Donna Elvira much liked by me in the Béart Don Giovanni at Geneva), begins adventageously, by looking the part, porcelain-featured, frail yet radiant. She continues in happy style by filling out each note and each phrase, generously, with clear, shining tone, even if on Monday some things of the conversational charm of "Mi chiamano Mimi" was sacrificed to the singer's very musicianly habit of giving weight to every word, not just the most significant. But having found the inner rhythm of the role and the vocal writing, Miss Moldoveanu held it; and in the latter two acts the soaring, almost transgured quality of voice and person was most gratefully registered.

Chally conducts the work in the way of a virtuoso young conductor, with extremes of speed, with great curves and swerves of melody, with a glitter and a dash on the orchestral sound. It is saved from vulgarity by the genuineness of feeling that attends everything Mr Chally conducts; and it was most beautifully played by the orchestra — chords justly spaced, dynamics gracefully wide tone, (a pity the stalis applauders, in crass humour, insisted on denying him an uninterrupted curtain fall). The production, still hyperactive in Café Monna, is wearing well.

Alongside Miss Moldoveanu, and excellently contrasted with her, comes a new Musetta in Barbara Daniels, who tempers flamboyance with wit and later with real tenderness—a good mixture, with warm singing (apart from spreading climaxes) to round off the impression. The rest are familiar—Jonathan Summers (Marcello), John Rawnsley (Schaumard) and Gwynne Howell (always at his best as Colline), and a single International star in Jose Carreras. Mr Carreras promised at first, to be the evening's disappointment; the voice has

lost the bloom of youth, sounding large but lacking a solid core; the aria (down a semitone) was bumpy, and top notes were thin. But each scene marked an improvement, and by the close Mr Carreras was very nearly the poetic Rodolfo we have known him to be.

On August 4 and 11 at 1 pm, two bands from Goldsmiths' College will play; on the 4th Goldsmiths' Jazz Ensemble led by Len Phillips; on the 11th Goldsmiths' Big Band led by Don Reddell.

The concerts are free and will be held in the garden of the museum, but in the lecture theatre if wet.



Eugenia Moldoveanu and Jose Carreras

Jazz in the museum

Victoria and Albert Museum is holding the Jazz in the Quad at lunchtime on Wednesdays during the summer. Two concerts with The Villians 4 Swing Jazz Quartet have been arranged on July 21 and 28 at 1 pm. They will play a one hour programme of Gershwin songs on the 21st, with a more general hour on the 28th.

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THEATRES

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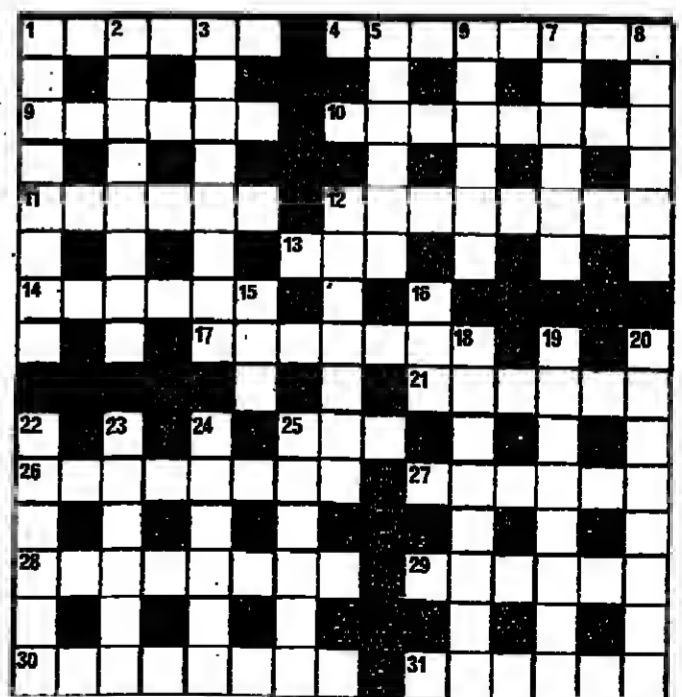
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F.T. CROSSWORD PUZZLE No. 4922

- ACROSS 1 Wisely arch about how old one is (6) 4 It gets held up under the weather's bad (8) 9 Treatment for bruises in a car smash? (6) 10 Said and done in making a complaint (8) 11 Sensible car-drivers do keep quiet (4,2) 12 Keeps changing dialects (8) 13 A punitive measure (3) 14 Island colonist (6) 17 It's unlikely to get worn out unless you're an athlete (7) 21 The lowest form of birds (6) 25 Cheap paper employed by students (8) 26 Marriage or adoption (8) 27 Main way to fasten sheets together (6) 28 Lots of beatings (8) 29 Diffident in two ways (8) 30 Not still lacking support (8) 31 A new bride's bits and pieces (8)



Down 1 The case of the blackleg poet (8) 2 A bundle of nerves! (8) 3 Instructs or admonishes (8) 5 It's insane to dispose of foreign capital (6) 6 Payment, received by letter (6) 7 Toller disposed to belie his nature (8) 8 A fool it's wrong to help (8) 12 Company needs a new angle in the freeze (7) 15 Mathematical function, but not pi (3) 16 Behold around the East a sign (3) 18 Short odds? That's not fair (8, 2, 3) 19 When women propose to break with tradition (4, 4) 20 It will contain a fire (8) 22 Old copper fruit-knife? (6) 23 Fits and starts (6) 24 A grave commitment (6)

EUROBONDS

The Association of International Bond Dealers Questions and Yields appears monthly in the Financial Times. It will be published on the following dates: 1982: Wednesday 18th August Tuesday 14th September Wednesday 13th October Thursday 11th November Tuesday 14th December

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Wednesday July 14 1982

Khomeini tests his strength

IRAN'S EVER more credible threat to invade Iraq, and its aggressive posture at the recent Opec conference, emphasise just how potent a force the revolutionary regime in Tehran has become. Less than two years ago it appeared close to economic and military collapse as it wrestled with apparently irreconcilable internal conflicts. Now Iran is again emerging as a dominant force in the Gulf and one which poses major challenges to Western interests.

The strength and resilience of Ayatollah Khomeini's fundamentalist revolution in Iran has for too long been underestimated in the West. The threat posed by the Palestine Liberation Organisation to the security of Israel and to wider political stability in the Middle East is of little consequence when compared to the achievements and ambitions of the Iranian regime.

Invasion

Khomeini has described the threatened invasion of Iraq as the first step on the road to the liberation of Jerusalem. That road will be routed through Baghdad and any other Arab capital which is deemed to be frustrating the desires of the Moslem masses, especially if that regime is also co-operating with the United States, or the "Great Satan" as Khomeini has dubbed it.

Israel's invasion of Lebanon, and the passivity of Arab regimes to the military destruction of the PLO, has been grim to the Khomeini mill. Iran was the only country to send troops to fight in Lebanon and is seeking now to present itself as the one credible counterweight to further Israeli expansionism.

The destruction of the Ba'ath Party in Iraq and its replacement by an Islamic Republic regime is the immediate objective. At least 50 per cent of the Iraqi population are Shia co-religionists and the ayatollahs in Tehran must be hoping that they will respond to an invasion by overthrowing President Saddam Hussein.

Although few tears would be shed in the Gulf over the demise of Mr Hussein, the prospect of close co-operation between Iraq and Iran under a fundamentalist banner is alarming. Their combined populations are around

50m and their oil reserves and export capacity rivals that of Saudi Arabia.

Iran has in the past months demonstrated its willingness to confront traditional Saudi authority within Opec. Its refusal to accept production limits is undermining Opec's recent efforts to operate as a true cartel and its vigorous price cutting may set off a further downward trend.

Sustain

The past 22 months of fighting in the Gulf have proved costly to Saudi Arabia and the other conservative Arab regimes in the region. They are having to sustain Iraq economically with payments now estimated to have reached \$25-30bn. The hit of an Opec collapse and perhaps further diminution of Saudi Arabia's annual surpluses can only place extra strain on its capacity to act as a force for political moderation in the region.

The softening of crude oil prices must generally be welcomed, despite the problems this causes in some parts of the financial sector and for new energy projects. The underlying reason for this softening is the worldwide recession and lack of demand; but the prospect of these market adjustments being seriously dented by the unpredictable consequences of the Gulf War are much less reassuring.

Powerless

What is most striking about the drama unfolding in the Gulf is that, in contrast with the crisis in Lebanon, the outside world is virtually powerless to influence events. During the early months of the Gulf war, neither superpower saw an advantage to be gained by supporting one side or the other. Now the battle appears to have swung decisively in Iran's favour.

It may be too late for the West, even if it so wished, to stem the Ayatollah's immediate ambitions. For once, the Soviet Union and the U.S. are cast as frustrated spectators in an area of the world of critical interest to them both.

Labour plans for the future

MUCH OF the diagnosis of Britain's micro-economic ills contained in a joint Labour Party/TUC document published yesterday might almost have appeared in the literature of the Liberal-SDP Alliance without amendment. Among the targets singled out for attack are the concentration of industrial ownership and the lack of accountability of corporate power. Similarly the authors criticise the lack of openness in government in relation to the central public expenditure and public corporations. And they argue powerfully that people on the shopfloor in industry are not being provided with a proper outlet for their imagination and creativity.

Response

When it comes to remedies, however, it is the atavistic streak in the Labour movement that comes out in the shape of a prescription for planning from top to bottom of the economy. The whole nub of it is here the old Department of Economic Affairs dressed up as a Department of Economic and Industrial Planning; an unregenerate Price Commission; planning agreements covering, among other things, industry import targets to fit in with protectionist policies; a National Investment Bank to work in tandem with a revamped National Enterprise Board, in large-scale public investment. How, one might ask, can all this material be so innocently revealed when the experience of planning in the UK has been so unrewarding and when planners in numerous other countries are having second thoughts?

The joint response of the Labour Party and the TUC is simple, if not ingenious. The trouble with the George Brown DEA, runs the argument, is that it was not powerful enough within Whitehall to fulfil its mandate. As for planning agreements, they were not implemented in the Wilson-Callaghan period of 1974-79 because the civil servants did not believe in them. And while the report is right to point out that planning

has been at the centre of economic management and industrial strategy in other OECD countries, its assertion that they are successful because they plan is more contentious and begs several questions.

Post-war France is a beguiling example of the apparent efficacy of planning. But planning was necessary in the first place because France's capital markets were relatively undeveloped after the war. Part of the success of the French planners arguably lay in the fact that they were seeking to replicate the market process rather than to run counter to it. Nor has France's more recent experience been without hitches. Much of the planning in the late 1960s and 1970s was designed to fight off the *défilé Américain* by creating giant oligopolies, more appropriate strategies might have been directed at the *défilé Japonais*. At the micro level results were often unhappy.

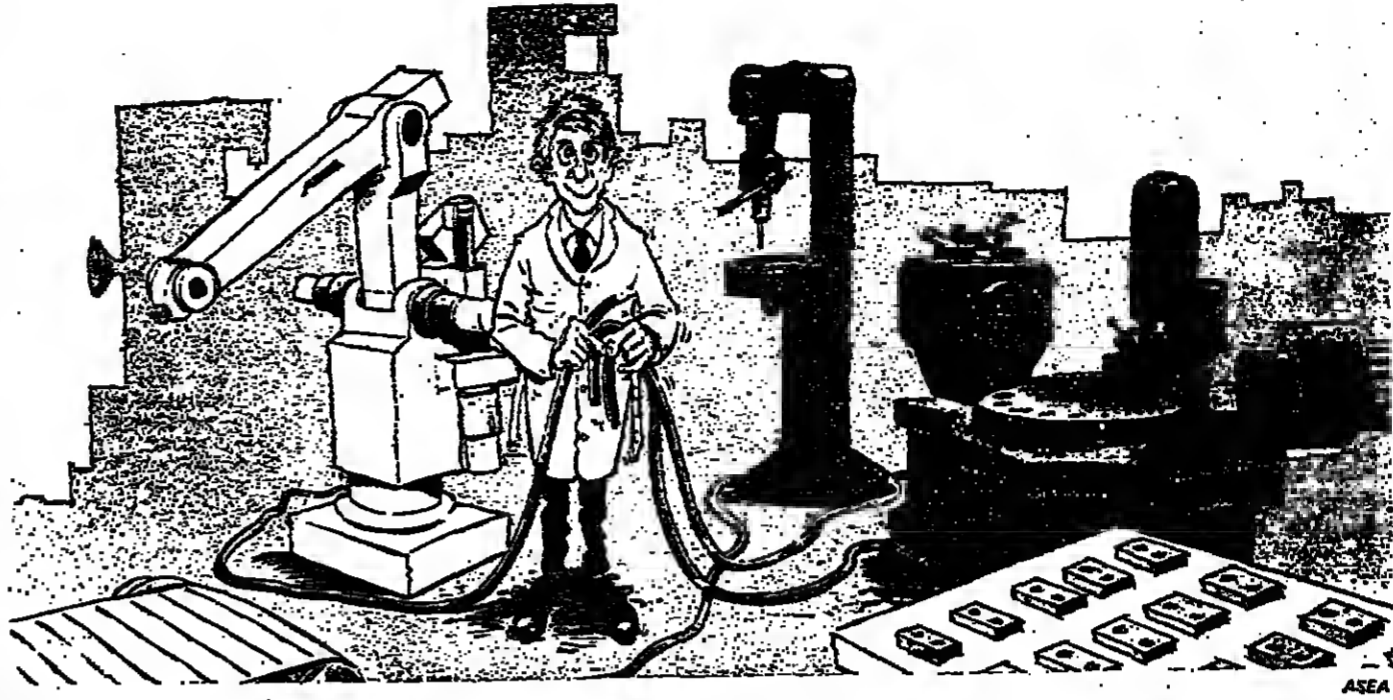
Dangers

Japan is admittedly an overwhelmingly impressive example of successful indicative planning. But the lengthy process of consultation that proceeds action in Japanese industry is hardly a model for the British unless work practices are reformed to the point where Japanese-style productivity can confidently be assumed to follow the consultation.

To their credit, the authors of the document do acknowledge the dangers of over-centralised planning. But to the non-party faithful the suggestion that the bureaucratic planning mechanism envisaged here could be harnessed to industrial democracy operating through trade union channels will appear a less than plausible solution to Britain's problems. By all means let us have more openness in government industry and the unions. But it is questionable whether a return to large-scale government financial patronage and corporatism can be compatible with any generally acceptable definition of democracy.

AUTOMATION IN INDUSTRY
The factory with no workers

By Alan Cane



THE ULTIMATE automated factory — with no shop-floor workers — will become a reality in the most advanced industrial countries within five years.

The prospect often brings predictable reactions in the West: management alternatively fearful of the necessary investment and anxious for new ways to cut overheads and unions glad to see the back of unpleasant tasks, but fearful for their members' jobs.

But in Sweden — where all the major components of such systems are already in operation — it is hard to find anyone in management, the unions, the government or research who views the prospect with anything other than equanimity.

Mr Sven-Erik Andersson, director of the Swedish Institute of Production Engineering Research is unequivocal: "The only real threat in new technology is the threat of your worst enemies using it."

Japan is generally acknowledged the world leader in manufacturing, but Sweden, with only 8m people and a restricted local market is probably the most advanced use of the new technology.

It is European leader in the development of industrial robots and has installed more of them per head of population than any other country. During the 1970s, Sweden's stock of advanced computer controlled metal cutting machines rose 25 per cent annually. International comparisons are hard to draw accurately but Sweden is well placed to be first with the "unmanned factory," the "factory of the future."

Such a factory would be driven from the order book — an order stored in the main computer would generate plans from the computerised drawing office and instructions for robot trucks to remove raw materials from store.

Robots and conveyors would bring the raw steel ingots to flexible manufacturing "cells" where teams of machine tools serviced by robots would finish the entire part. Robots would remove pressings from moulds and assemble, weld and paint the finished product before despatching it to automated assembly lines.

The aim is to get the same efficiency in small batch production (which constitutes some 70 per cent of manufacturing industry worldwide at present) as is possible with dedicated production lines.

Factories worldwide are already changing out of all recognition. Computer-controlled machine tools and robots are commonplace and nowhere more so than in the giant Volvo factories in southern Sweden.

These factories are eerily quiet; it is easy to hold a conversation. At Volvo's transmission plant at Kópölg, it is possible to see all the evolutionary stages in the development of the automated factory.

An ASEA robot delicately deburs (trims) a gear box part, completely replacing human intervention in what was a time-consuming but comparatively unskilled job.

An Electrolux robot supervises as three machines grind, weld and assemble part of a gear train, moving the parts automatically from machine to machine. This is mid-1970s technology, extremely automated but not very flexible.

Elsewhere a robot arm moves synchronously parts in and out of a hardening furnace; photographs on the wall record that job used to be done by a woman who moved 350 kilograms of hot steel an hour.

In the most modern part of the factory, five computer controlled machine tools work simultaneously on gearbox parts, while a single Unimation Puma robot ensures that the parts are passed from one machine to another in the right order. Giant Swedturn lathes fitted with computer controlled

parts changers run continuously. One man looks after three, four, five machines; four continue running while he maintains and adjusts the fifth.

The advantages? Volvo claims that it has been able to cut its inventory by 20 per cent, using automation. It has also been able to save a similar percentage on working capital. Its savings in interest charges alone total SKr 800m (£90m).

The Swedish Government has been actively promoting the use of new manufacturing technology, reflected in the fact that some 60 per cent of the companies which could make sensible use of industrial robots are now doing so in one case study, it demonstrated that a Swedish company which invested in a robot line for parts manufacturing was able to run on six operators as opposed to 28 on a conventional line.

Lead time was cut from four weeks to four minutes; pay-off time on the investment costs of SKr 8.5m was just 18 months.

Swedish success in moving smoothly towards "limited manpower production" seems to be based on two critical arguments:

● Technology is important, but not as important as good manufacturing management.

● Good industrial relations are the key to progress.

The essence of the Swedish (and Japanese) approach is that driving the most sophisticated machinery hard is less effective than using adequate machinery kept running 24 hours a day.

The Americans and Germans, on the other hand, exhibit production machismo, pushing their technology and their machines to the limit. Mr Frank Curtin, group vice-president, machine tools for Cincinnati Milacron, one of the most advanced U.S. companies agrees: "Given our manufacturing tradition there is not a shop in the U.S. that does not beat the hell out of its machines. But as we move to flexible manufacturing, we

will adopt a more reasonable rate of production."

Mr Sven-Erik Svanström, managing director of SMT-Pulmax, a leading Swedish lathe manufacturer points out: "In Sweden we recognise the need to run our capital intensive machinery for the second and third shift, but it is difficult to get people to work the third shift — for social reasons and because of the high marginal rate of tax."

German figures show, in fact, that conventional machine tools used for one shift only are in effective production for only 6 per cent of the theoretical maximum time available.

Put in numerical control and the ability to machine more than one part at once and you poll back 2 per cent. Automatic parts and tool changing gives a further 6 per cent.

But connect the machines to the stores and use automatic production methods over three shifts and up to 77 per cent of the theoretical maximum production time can be ob-

Mr Grimaldi's Swedish showpiece

"I DO NOT install automatic machinery to put people out of work," reads a Swedish newspaper headline over an article about Salvatore Grimaldi, subcontracting machine shop owner and a wonder of Swedish industry.

Brought to Sweden by his parents at the age of nine, Mr Grimaldi, now 37, established his metal grinding business with a single machine tool in his garage. By 1978, he had 12 employees and a turnover of about SKr 3m (about £200,000).

Then he bought a bankrupt factory, installed six computer-controlled machine tools, computer parts changers and robots at a cost over several years of SKr 10m (£1m).

Now he has 300 customers from all over Sweden, including the major car manufacturers Saab and Volvo. He delivers to Volvo every day.

He is looking for more work in Germany and Switzerland to occupy his 35 employees. Turnover in 1981 was about SKr 15m and he expects to turn over some SKr 17-20m this year. Turnover per shop floor worker is about £20,000 a man compared with Swedish averages of about £200,000 (cost of materials is excluded).

Profitability has not risen so dramatically because of the cost of servicing leasing contracts with the machine tool manufacturers and bank loans but Mr Grimaldi is clearly comfortably off.

Mr Grimaldi's machine shop is clean, spacious and quiet. Conventional and computer controlled tools sit side by side with massive Swedturn 12 CNC lathes with computer controlled loading and unloading.

Grimaldi's works three shifts a day — but on the night shift several of the machines run unattended. It can make a profit now on a batch of as few as 25 parts.

Mr Grimaldi remains optimistic. He is planning a totally automated system where the customer will tell a central computer what he wants, the computer will control the machining process and the computer will then ring the customer to say the parts are ready. "We will have this in five years" he says cheerfully.

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Mr Salvatore Grimaldi

Men & Matters

Hard reading

Having managed to contain the loss on nationalised steelmaking to £358m in the past year, compared with £688m the year before, British Steel does not seem anxious to give publicity to the minutiae of its business dealings.

The corporation's new report and accounts published yesterday possesses the quality and style of the parish magazine on an off-day when the vicar has had to work the duplicator himself.

I am not suggesting the hard-working Ian MacGregor, BSC chairman, actually churned out the copies himself, working overtime to turn the handle somewhere in the basement of British Steel's new economy headquarters in Lambeth. But it certainly looks like it.

The report is unrelieved by so much as a photograph or a graph. The pages degenerate into type so small that magnifying glass is needed for any rewarding study.

Copies of the report can be had for £1. Not one of the week's best buys.

Foot fault

Sir Ian Gilmour, honorary colonel of the Tory wets and former Lord Privy Seal, was unable to join the march through the Commons lobby last night of other Tory backbench rebels against the cut in unemployment pay.

But not as I reported, because of gout. A story to that effect had spread at Westminster, he tells me. But he has never had gout. He is recovering from an operation on his foot.

Sunspot

Sunshine statistics are so vital in the tourist trade that resorts go to considerable trouble to ensure that every minute is recorded. Even a moment or two in the shade is enough to lose several places in the league table.

Guernsey realised this in 1966 when it found that it was consistently falling behind neighbouring Jersey, which had three recording stations, while Guernsey's only weather station was sited at its notorious mist and fog-prone airport.

By good fortune, one of the Guernsey Tourist Committee's staff, Jimmy Jones, happened to be a trained met observer — and, even better, lived in the sunniest part of the island at L'Anresse.

Since Guernsey opened its second sunshine station in Jones's garden, it has

funding arrangement which involves 11 banks as well as the ECGD, in October, 1980.

Though the contract was only signed in London yesterday, work in fact started on the project to January. When completed, it should make Zimbabwe self-sufficient in electricity. At present 40 per cent of its supplies are imported from Zambia.

Drivers Jones may be among the oldest in the business. But they are by no means senile, judging by their record with the Bracknell New Town. The responsibility for disposing of Bracknell's property assets was switched recently to the partnership from another professional firm. Whitehall is said to like the way that the job is being done.

Quid pro quo

If Arthur Scargill is not brought down by a straight left from Energy Minister Nigel Lawson or a flying tackle from the coal board he may, nevertheless, be vulnerable to that sharpest of offensive weapons, the well modulated Latin tag.

Among the accomplishments of Michael Quinlan, at 51 the youngest permanent secretary that the Department of Employment has had for many a year, is his command of Latin. His abilities as a translator are highly respected in scholarly circles.

George Bull, editor of The Director, himself a formidable translator of the Italian classics, sought Quinlan's help to translate the Latin portions of Giorgio Vasari's 16th Century work Lives of the Artists. Quinlan and Bull had been schoolboys at Wimbledon College and went on to Oxford together.

Since they collaborated Lives of the Artists, published in English by Penguin Classics, has sold well and is a standard reference work for art historians.

The book, says Bull, owes a great debt to Quinlan's polished translations of epithets and epigrams into good English.

Should Scargill see himself as a Caesar destined to divide Britain into three — or more — parts he must expect a ready response from Quinlan.

Forced sale

Recent events have not diminished Mrs Thatcher's appetite for probing for cash leaks in the rickety hull of the ship of state.

She is particularly intrigued by the man of property whose activities on behalf of the state have been encouraged by successive governments. After a long look at the Commission for New Towns with £500m of property assets tucked in its belt she made Industrialist Sir Neil Shields its chairman in April — and also gave him instructions to kill it off decently but quickly.

Now one of Britain's oldest chartered surveying partnerships, Driven Jones of St James's (established 1725) is being tipped in property circles as the certain choice to dispose of existing assets of the English Industrial Estates Corporation. Industry Secretary Patrick Jenkin, the PM's auctioneer in this affair, has made it clear that the corporation will be required to make every effort to reduce its costs by disposing of existing assets. In return, the government will support its plans to spend a further £34m in the assisted areas on new factories and warehouses with the potential for 4,000 jobs. He is looking for a marketing-oriented approach, he has said.

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UK COMPANY NEWS

Blundell-Permoglaze makes £1.4m cash call

PAINTS GROUP Blundell-Permoglaze Holdings is seeking to raise £1.4m by way of a two-for-one rights issue of 25p shares at 103p each. The new money, amounting to some £1.38m net of expenses, is intended to fund expansion which is expected to involve both overseas manufacture and further specialised products in the UK.

The issue was announced yesterday along with the company's results for the half year to April 30, 1982 which showed pre-tax profits up from £312,907 to £473,391 on sales of £13.24m, against £10.69m.

Mr Robert White, the chairman, says there was some volume increase and margins improved slightly during the

six months.

He adds that there are signs of slow recovery from recession, but it is too early to be certain about results for the full year. With eight months of the year completed, he expects pre-tax profits to be similar to last year's figure of £2.06m.

The interim dividend is being maintained at 1.6p net, and the board intends to recommend a final of 4.4p net compared with 4p per share last year.

Earnings per ordinary share in the half year are shown as 4.7p, compared with 2.2p last time. Tax took £175,000 (£170,000).

Net profit rose from £142,907 to £202,391, and minority interests absent last time, amounted to £4,010, leaving

£297,533 attributable to ordinary shareholders, as against £142,079.

The rights involves the issue of 1,415,389 new ordinary shares and has been underwritten by Morgan Grenfell. The brokers to the issue are Grandell and Colegrove.

The new shares will not rank for the interim dividend, to be paid on October 1. Dealings in the new shares, old paid, are expected to begin on July 15.

Pending the application of the proceeds of the issue, they will be invested in short dated securities or placed on deposit.

comment

In broad terms, Blundell-Permoglaze's attainment of a 52 per cent increase in pre-tax profits

in the seasonally less significant first half, shows the advantages of being ahead of the game on price increases while sustaining only marginally greater raw material costs. In the January to June period decorative paints, which represent about 70 per cent of business has also seen volume increases. The intention to lift the final dividend by 10 per cent however looks more to a good 1983, than any significant profit advance in the current year, with the absence of about £350,000 in profits which came last year from an "exceptional" Middle East contract. The most significant application of the fund that Blundell-Permoglaze is raising with its rights issue is likely to be the acquisition of a German manufacturing base, which the

company regards as essential if it is to have a presence in that market. However Blundell does not seem yet to have its eyes fixed on one particular company, and, with capital gearing only around 23 per cent, there may be other reasons for the issue. The shares have moved ahead sharply since ICI's February 1 bid for Horden, and Blundell's own full year results, and reached an all time high of 128p on Monday. After the news of the rights issue the shares, on a dull day generally, shed 9p to 123p. Taking the chairman at his cautious word, that full year profits will be similar to last year's, this puts the shares on an undervalued prospective, ex-rights, P/E of around 8, yielding 7.3 per cent.

EMAP ahead of last year's result

MR FRANK ROGERS, chairman of East Midlands Allied Press, told the annual meeting that profit for this year was in excess of last year's result and that advertising in local newspapers was showing a modest increase in volume terms on last year.

He pointed out that although this contribution makes up only a small part of total advertising, it was particularly pleasing that employment advertising shows an improvement over last year.

The chairman revealed that the new business and computer publications division had acquired two further publications since the end of the financial year—Cad-Cam International, a monthly magazine covering computer-aided design and manufacture and Network, a bi-monthly publication for computer users.

Mr Rogers said Popular Motoring had been sold to IPC and New Sounds. New Styles had ceased publication with the July issue. Smash Hits had achieved a new sales record of 262,000 copies.

He added that the group had secured the return of En Route to the Ithn company and an additional contract to print an Arabic magazine. Since April Readwell had acquired four new businesses and was continuing to look for further opportunities, the chairman said.

He told the meeting that revenue being earned by travel agencies had fallen, due to the numerous special offers being made by tour operators, and this had caused a fall in the group's income at the start of the year.

However, building work at Woodston, Park Road, Peterborough and Bury St Edmunds was progressing satisfactorily.

Mr Rogers concluded that the new press hall extension and the new store were almost complete and that installation of the new press was scheduled to start towards the end of the calendar year.

Mitchell Somers soars to £2.2m

PRE-TAX profits of Mitchell Somers, engineer and forge master, rose sharply from £488,000 to £2,230,000 for the 12 months to April 3 1982 on turnover of £8.7m ahead at £38.2m.

Stated earnings per 10p share jumped from 2.9p to 9.3p and a final dividend of 1.75p raises the net total by 2.25p to 3.25p.

At the trading level, profits emerged at £2,520,000 (£1,130,000) from which interest of £580,000 (£700,000) was deducted. Tax on ordinary debits last time of £271,000.

Assets per share are given as 89p (82p).

The group made good progress in the first six months and advanced even more sharply in the second half when taxable profits of £1.58m were made.

On a CCA basis attributable profits for the full year totalled £222,000 (£188,000 loss).

at Mitchell Somers. The rise in the share price from a year's low of 38p to 53p had discounted such a recovery. Turnover was up 28 per cent although capacity. Last year's drastic surgery on Wolverhampton Die Castings has led to the division returning to profit but any surplus to the motor industry is in for a difficult time. Somers has moved away from supplying British Leyland to a wider customer base but the main area of improvement has been in crankshaft exports to the United States. The company has become an attractive second source supplier in the U.S. The dollar appreciation clipped in £800,000 to pre-tax profits. The only other area of growth has been Trimble's valves and pipes distribution to the petrochemical industry. However, the underlying position with the rest of the engineering business has not improved and the company is suffering from customer uncertainty. Capital gearing fell from 80 per cent to 20 per cent. The share price closed at 53p, up 1p, and yields 9 per cent.

Philip Harris little changed at £678,000

Little changed pre-tax profits were shown by Philip Harris (Holdings), maker of scientific apparatus, for the year to March 31 1982. The surplus edged ahead from £667,887 to £678,904 on turnover which rose from £16.46m to £18.53m.

At half time profits slipped slightly from £274,310 to £240,362, and the directors said educational cutbacks were affecting the science educational companies and competition on the medical side remained fierce.

Although full year earnings per 20p share were given as falling from 26.53p to 19.35p, the dividend is being raised from 6.3p net to 6.5p with a higher final of 5.05p.

There was a charge for tax of £85,351 against a previous credit of £188,476, but after an extraordinary credit this time of £628,677 attributable earnings emerged higher at £1.25m (£856,363).

On a current cost basis pre-tax profits were reduced to £459,000 (£321,000).

Poor start leads to R. Jenkins profit setback

A SLACK and highly competitive market in the early part of the year helped depress the pre-tax earnings of Robert Jenkins (Holdings) in the 12 months to March 31 1982 from £801,148 to £138,547. Turnover was up marginally from £15.34m to £15.43m.

The group, with interests in the design, manufacture and installation of process plant, proposes to pay a final net dividend of 7p per share, making a total for the year of 14p (£1.889p). Earnings per share are stated at 61.4p (71.9p) and net assets per share at 630p (552p). The dividend is being reduced to maintain the group's financial strength.

Of the group's companies, Robert Jenkins & Company experienced difficulty in keeping the factory fully occupied due to a shortage of orders. However, group chairman, Mr A.

Robert Jenkins, says that orders improved throughout the year. A large amount of work from Denmark should contribute to improved results in the current year.

Robert Jenkins Oil & Gas had a reasonable year, although competition was very keen and profits were not as high as had been hoped, Mr Jenkins says.

Robert Jenkins Systems and Hygrotherm Engineering made a modest profit, but contracts are now proving difficult to obtain and next year's figures are likely to be lower. Mr Jenkins says other group companies continue to develop and should make positive progress by next year.

There was a tax credit for the year of £797,630 (£159,670), giving profits after tax of £933,127 (£790,819). The group's shares are traded on the market made by M. J. H. Nightingale & Company.

Minden Oil and Centura Energy agree to merge

Minden Oil and Gas Inc. and Centura Energy Corporation have agreed in principle to combine their respective businesses in a new corporation. The resulting combination will have total assets in excess of \$30m (£17.3m).

Minden Oil, a Delaware corporation, was established in 1980 by Lazard Securities. It was to provide its non-U.S. investment clients and associates with an opportunity to invest in exploration for oil and gas and other energy resources, predominantly, but not exclusively, onshore in North America.

Lazard Securities is a wholly owned subsidiary of Lazard Brothers and Company, of London.

The common stock of the new corporation which will be called

Minden Oil and Gas Incorporated will be owned 47 1/2 per cent by the former shareholders of Minden Oil and 52 1/2 per cent by the former shareholders of Centura. Its initial board of directors will comprise the five current directors of Minden Oil and three to be named by Centura.

Consummation of the transaction is subject to negotiation of definitive agreements; approvals of shareholders of both companies and applicable regulatory authorities; compliance with all applicable securities laws and regulations; and the completion by Centura of an agreement to sell to certain individuals Polar Industries Inc., Centura's liquefied petroleum gas fertilizer and farm chemical business.

Allnatt rises to £8m

PRE-TAX PROFITS of Allnatt London Properties advanced from £6.73m to £8.06m in the year to March 31 1982. The mid-year surplus was £0.67m higher at £3.5m.

A final dividend of 4.2p lifts the total from 4.4p to 5.2p net. A total of £441,138 (£360,055) has been waived. Earnings per 25p share are shown to have risen from 9.31p to 10.57p.

McMullen edges ahead

First-half taxable profits of McMullen and Sons, the Hertford-based brewer, wine and spirit merchant and soft drinks manufacturer, edged ahead from £1.25m to £1.29m on higher turnover of £8.61m, compared with £7.92m.

Trading profits for the period to March 27, 1982 rose by £276,000 to £1.42m after deductions for directors' emoluments and alterations are improvement to licensed properties.

The pre-tax surplus included unlicensed rents, less outgoings of £85,000 (£101,000).

Candecca's profits down sharply to £115,000

TAXABLE PROFITS of Candecca Resources, petroleum hydrocarbons exploration and production group, have declined from £408,000 to £115,000 for the year ended March 31, 1982, with interest received lower at £386,000, compared with £664,000.

Turnover of the company, whose shares are traded on the unlisted securities market, increased from £38,000 to £119,000. At the operating level, profits dropped from £355,000 to £88,000, before associates' contributions of £47,000 (£53,000). Associates' figures are those of Pennine

Sotheby £1.8m sale

Sotheby Parke Bernet, the auctioneer, has now confirmed the sale of the freehold premises known as No. 10, 11 and 12, the corner of Maddox Street and St George Street, London.

The sale price is £1.5m payable in cash on completion on December 31 1982 and shows an excess of £90,000 over book value at August 31 1981.

The sale forms part of the group's plans to dispose of certain land and buildings which are considered to be surplus to requirements. The proceeds will be used to reduce the group's indebtedness.

Sotheby's last week announced a first-half pre-tax loss of £1.5m to February 28, compared with a £1.3m profit in the comparable period a year earlier. To cut costs the company said that it planned to close its Belgraveia saleroom; and sell Nash House, its accounts office which has never been part of the auction premises. Two salerooms in Chester were to be disposed of

Sarakreek London listing

Sarakreek, a Dutch-based property investment company, is seeking a London listing for the whole of its issued capital. The company is currently quoted in Amsterdam and Paris and invests in completed, income producing office buildings and shopping centres in the U.S.

It was reorganised in 1977 by J. Henry Schroder Wagg, Amsterdam-Rotterdam Bank and Banque Privée de Gestion Financière. Net asset value per share has risen from \$23.56 at the end of December 1977 to \$34.46 at the end of 1981. Market capitalisation of the company is about \$119m.

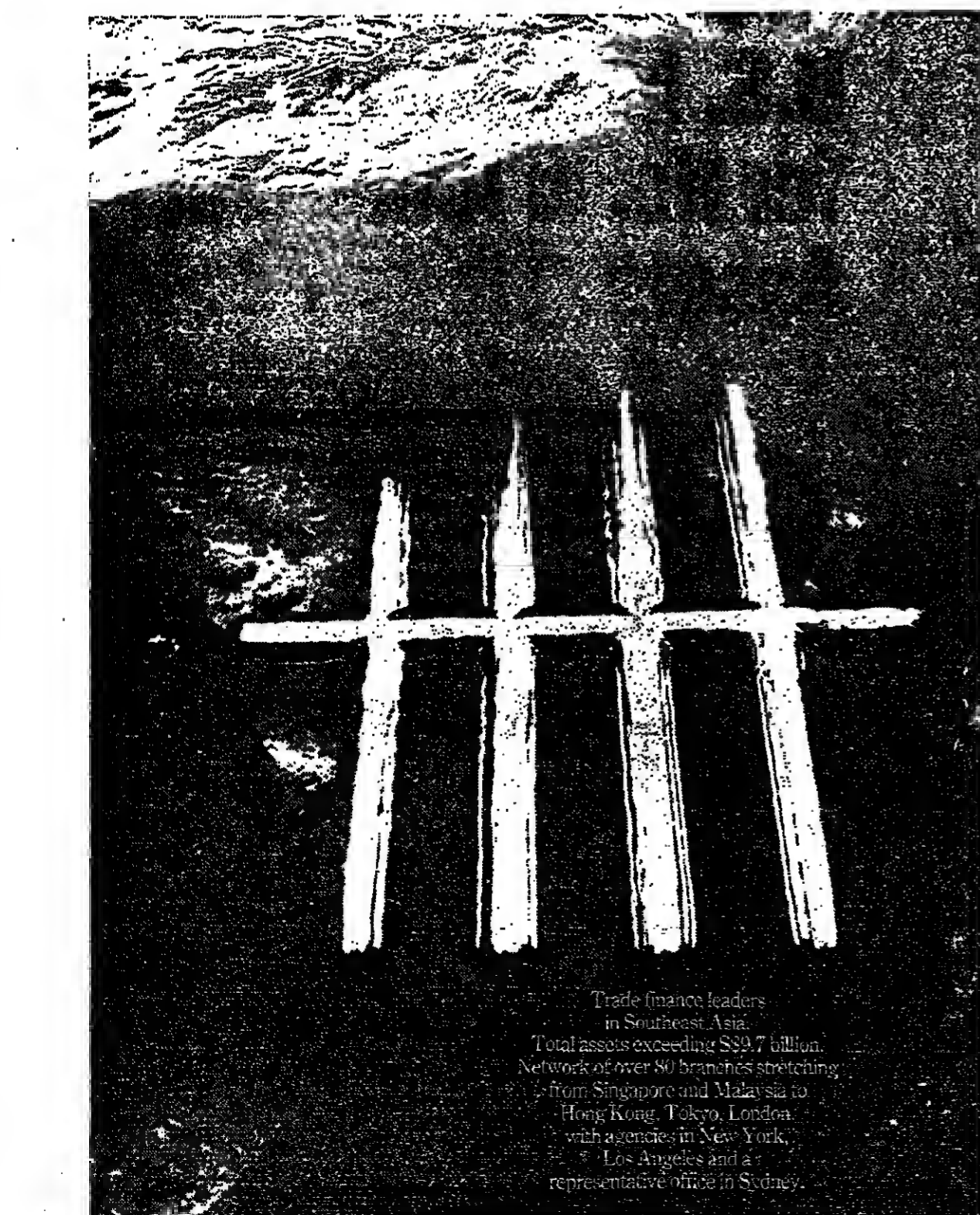
Shares are expected to start dealing next Monday. Stockbrokers to the company are Quilter Goodison.

36 companies wound-up

Compulsory winding-up orders against 36 companies have been made by Mr Justice Nourse in the High Court. They are: Lewis, Gillars; Robb; Robb; Drinklink Systems; F. Maxen & Sons; E. W. Hunter; Chan Loi & Sons.

Yellow Dot Sportswear; Farab Investments; Deneagen; Telepaper & Media; Jaguar Design and Print; Fairhill.

Vomal Security Coatings; Reikleen Industrial Services; Reikleen Janitorial Supplies; Richmond Graphic Systems (UK); Leeshill.



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Sydney: Suite 5, Level 60, MLC Centre, Martin Place, Sydney, N.S.W. 2000, Australia. Tel: 221-1824, 221-1825. Telex: AA 72807 TUEHIA.

HAT meets forecast and expands to £6m

AS EXPECTED at the interim stage at HAT Group pre-tax profits for the year to February 28 have exceeded those of the comparable period, showing a rise from £4.5m to £5m. Turnover of this supplier of specialist services and materials moved ahead from £93.5m to £94.11m.

Also in line with a forecast made at last August's rights issue, the total dividend has been raised from 2.5p net to 2.75p with an increased final of 1.375p. Earnings per 10p share, however, are given as slipping from 8.5p to 8.9p, but at 4.5p (4.65p) after a 52 per cent tax.

The current year has started satisfactorily, say the directors, and they expect further progress to be made.

at the turn of the year for £8m cash (last September's rights money) plus some equity. Tighes' vendors warranted profits of £1.5m and undoubtedly the HAT men feel they can squeeze a further bit more out of Tighes' turnover. The other and far less publicised feature of 1982-83 will be the move into U.S. property development. The project is a \$27m office development in Houston. HAT's exposure is limited to £3m freehold costs covered by local debt. U.S. property development is hardly the promised land but if the desire to do it overcomes the sunshine belt is probably the best place to start. Moreover, though no details are out, HAT regards Houston as a one-off and it would be no surprise if it already had a buyer lined up with a fat cheque. But what will it do with the proceeds? HAT is already hinting at another sizeable acquisition, this time with bank funding. All rather tantalising but unlikely to have much near term impact on a price of 83p yielding only 4 1/2 per cent and to the current year's outcome is the inclusion of Tighes, purchased p/e of 12.6.

comment

That HAT has made the £8m market was anticipated before the onslaught of the dreadful winter is no mean achievement and encourages thoughts of £9m or more for this year. Total to the current year's outcome is the inclusion of Tighes, purchased

Blundell-Permoglaze
Holdings PLC

A very satisfactory half-year result

* Despite the severe weather in January and February turnover increased and margins improved slightly.

* Profit for full year expected to be similar to 1981.

* Interim dividend maintained at 1.60p per share; increased final forecast.

* Two for nine rights issue to raise £1.4 million.

Interim Statement for half-year ended 30th April 1982	Half Year (unaudited) 1981/82	Full Year 1980/81	Full Year 1981/82
Turnover	£'000	£'000	£'000
Profit before Tax	477	313	2,052
Earnings per			
Ordinary Share	4.7p	2.2p	19.2p
Dividend per			
Ordinary Share	1.6p	1.6p	5.6p

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1981-82	Company	Price	Change	Gross Yield	P/E	Fully Paid
122	Low	122	+2	8.4	5.2	11.1
122	120	122	+2	10.0	7.8	—
122	100	122	+2	8.1	10.0	3.8
51	33	51	+18	4.3	8.8	8.1
51	33	51	+18	4.3	8.8	8.1
228	187	228	+41	11.7	5.1	0.4
110	94	110	+16	15.4	14.3	—
104	60	104	+44	6.0	10.0	10.7
138	37	138	+101	7.9	5.8	5.1
82	28	82	+54	6.4	8.8	3.8
70	48	70	+22	7.3	7.4	7.2
110	94	110	+16	15.4	14.3	—
113	94	113	+19	7.5	7.1	3.2
108	108	108	+0	5.1	7.7	8.1
334	230	334	+104	31.3	15.8	10.1
80	51	80	+29	5.7	4.2	8.1
222	184	222	+38	11.7	10.4	12.5
184	10	184	+174	11.4	7.0	11.8
44	28	44	+16	15.0	12.1	19.8
103	73	103	+30	8.0	12.0	4.5
283	212	283	+71	14.5	8.2	8.2

Price now available on Prestel page 4918c.

AGB completes U.S. acquisition

AGB Research has completed the purchase of National Family Opinion of the U.S. for a consideration of \$9m (£3.2m).

JOHNSON MATTHEY/PALMER RESEARCH

Johnson Matthey has exchanged contracts for the acquisition of all the issued capital of Palmer Research.

BPCC lifts its holding in Bemrose to over 18%

British Printing and Communications Corporation yesterday announced it had bought a further 100,000 shares in Bemrose Corporation at 146p, taking its holding to 2,045m, or 18.18 per cent.

ASSOCIATE DEALS

Braid Group—Charlton Seal and Dimmock, associates of Braid Group have sold 61,950 shares at 57 1/2p.

Lookers buys more Braid

Lookers, the Manchester vehicle distributor, yesterday announced it had bought a further 200,000 ordinary shares in Braid Group, taking its holding to 2,125m or 35.4 per cent of the equity.

Receiver disposes of Sparrow offshoots

George Eljas and Company has bought the business assets and related properties of Sparrow Hardwick and Denton Manufacturing from the receivers of the parent company William Pickles.

TISBURY BREWERY GODSON FREEMAN

The Tisbury Brewery Company and London-based Godson-Freeman and Wilmot have entered into discussions with a view to agreeing terms for a merger.

CENTREWAY TRUST ACQUISITION

The Centreway Trust subsidiary, Midland and Northern, which carries on a corporate finance and investment advisory business, has acquired a 50 per cent shareholding in C and M Capital and Management.

NEVILLE EXTENDS BID FOR PENGKALAN

This offer by Neville Enterprises to acquire the whole of the issued share capital of Pengkalan has been extended until July 23.

SPEEDWELL GEAR

An agreement has been entered into between Speedwell Gear Case and the shareholders of Delmar, a private company, for the acquisition of Delmar for a consideration of 4m new ordinary shares in Speedwell at 50p.

PARQUE/CAIRD

Shareholders of A. Caird and Sons have approved unanimously the new issue of shares to Parque Investment Company.

WHITBREAD

Whitbread has acquired a majority interest in Calvet SA, a leading French wine negotiator with headquarters in Bordeaux.

Australia could soon face mine closures

A WARNING that Australia's mining industry is rapidly approaching the point at which there will be shutdowns of major operations has been given by Sir Arvi Parbo, chairman of Western Mining Corporation Holdings, one of the country's leading mining groups.

MMC forecasts lower profits

THE GLOOMY prospects surrounding the future of the tin mining industry will affect the profits of Malaysia Mining Corporation (MMC) in the short term, according to Mr Mohamed Desa Paoli, chairman.

The operations of the group, which accounts for about a quarter of Malaysia's total production, are being reviewed, and spending cuts will be introduced.

LONDON TRADED OPTIONS

Table with columns for Option, Expiry, Price, Volume, etc. Includes sub-sections for Board Meetings and Share Stakes.

SHARE STAKES Helene of London—EM Passes has sold 800,000 ordinary shares.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Last, etc.

United British Securities holds payment

United British Securities Trust is maintaining its dividend of 7p net for the year to June 30, 1982, with an unchanged second interim payment of 4p.

Dividend and profit up at Batleys

Attributable profits at Batleys of Yorkshire rose from £1.06m to £1.16m in the year to May 1, 1982, on turnover up from £106.7m to £118.1m.

R. H. MORLEY

The acquisition of Tamvel by the R. H. Morley Group will not now proceed.

BROWN BROTHERS HARRIMAN & Co. PRIVATE BANKERS. STATEMENT OF CONDITION, JUNE 30, 1982. Includes assets, liabilities, and partners.

Morgan advertisement for The Morgan Crucible Company plc. Includes Chairman's speech extract and financial highlights.

Scapa Group advertisement. Results for 1982 and 1981. Sales: 100,098 vs 83,613. Profit before tax: 13,586 vs 9,282.

Companies and Markets

UK COMPANY NEWS

Losses of £292,000 for Energy Capital

PRE-TAX losses of £292,000 for 1981, compared with profits of £300,000 previously, are reported by Energy Capital...

Decrease at Cardiff Property

A fall in net profits from £12,085 to £2,850 is reported by Cardiff Property for the half year to March 31, 1982...

A-R Television profits move ahead to £8.04m

AFTER A rise in associate profits from Thames Television from £1.33m to £4.32m pre-tax profits at A-R Television...

Magnet & Southern falls by £3.5m

TAXABLE PROFITS of Magnet and Southern fell from £2.61m to £1.11m in the year to March 31, 1982...

Improvement at Murray Northern

TAXABLE REVENUE of the Murray Northern Investment Trust advanced from £268,000 to £1m in the year to May 31, 1982...

Powell Duffryn to continue expansion

To reach its full potential Powell Duffryn needs political and economic stability to restore levels of growth...

BASE LENDING RATES table listing various banks and their rates for different terms and currencies.

Rowe Evans Investments PLC advertisement including share capital details and company information.

SCOTTISH EASTERN INVESTMENT TRUST

Results for the year to March 31, 1982, showing net assets of £135.51m and a dividend of 10.5p.

DE LA RUE (Security printer)

Results for the year to March 31, 1982, showing net assets of £135.51m and a dividend of 10.5p.

ARTHUR HOLDEN AND SONS

Results for the year to March 31, 1982, showing net assets of £135.51m and a dividend of 10.5p.

BRICKHOUSE DUDLEY GROUP

Results for the year to March 31, 1982, showing net assets of £135.51m and a dividend of 10.5p.

BARADORA TEA HOLDINGS

Results for the year to March 31, 1982, showing net assets of £135.51m and a dividend of 10.5p.

BAKER PERKINS

Results for the year to March 31, 1982, showing net assets of £135.51m and a dividend of 10.5p.

CONTRACTS AND TENDERS

CONTRACTORS PREQUALIFICATIONS FOR DUBAI SLAUGHTERHOUSE advertisement.

COMPANY NOTICES

OMRON TATEISI ELECTRONICS CO. and other company notices.

RESIDENTIAL PROPERTY

SWITZERLAND AIGLE + VILLARS FOR SALE advertisement.

RESIDENTIAL PROPERTY

SWITZERLAND FOREIGNERS can buy apartments advertisement.

AMERICAN EXECUTIVES advertisement for luxury furnished flats.

WORLDWIDE INVESTMENT FUND advertisement.

NATIONAL WESTMINSTER BANK PLC advertisement.

BREATHAKING BARBICAN advertisement for tower flats.

CLUBS advertisement for HANOVERIAN NIGHTCLUB and others.

OLD COURT DOLLAR COMMODITY TRUST advertisement.

ALCAN AUSTRALIA LIMITED advertisement.

FINANCIAL TIMES advertisement for advertising offices.

Companies and Markets

COMMODITIES AND AGRICULTURE

Decline in world meat output

By Nancy Dunne in Washington
GLOBAL meat production is being depressed by the current slowdown in world economic growth and last year's poor returns to livestock producers...

Interest rate cuts boost copper market

BY RICHARD MOONEY
THE UPURGE in London Metal Exchange copper values continued yesterday with cash high grade metal closing \$22 up at \$851 a tonne...

(Cipec) in Lima, Peru, at which direct action to support the copper market has been under consideration.
The Cipec members, Chile, Peru, Zambia, Zaire, Indonesia, Australia, Papua New Guinea and Yugoslavia, were discussing a draft declaration of intent on joint action...

Nancy Dunne writes from Washington: Falling metal prices in the first half of 1982 did little to depress trading volume in U.S. metal futures.
Comex's this week's largest metal futures exchange, has reported dramatically higher volumes this year over last, and other exchanges have also done well.

Agreement in Hunt dispute

By Paul Betts in New York
THE HUNT family of Dallas reached an agreement with the Securities and Exchange Commission yesterday settling the dispute which erupted after the silver crisis in 1980.

In turn, the SEC closed its investigation into the affairs of the Hunts. The investigation was started in April 1980 after the Hunts acquired stock of the Bact Group, the large Wall Street brokerage firm, in 1979 and 1980.
It also focused on the activities of the Hunts in the silver futures market during those years.

The story of Galea

BY A CORRESPONDENT

WIMBLEDON WASHOUTS and the century west, June apart, this season has been excellent for the British market in melons, which sell best when the sun shines most.

The situation has favoured Israel, the spearhead of whose success is a melon called Galea. Perfected by that country's plant breeders six years ago, this fruit today accounts for some 15 per cent of Britain's annual imports of 30,000 Israeli melons.

The Galea was already elite because, sown in as the first melon on to the British market after winter, it is welcomed with the season's highest prices, which earlier this year were running at £2 a fruit in the shops.

Ironically, it was Israel's withdrawal earlier this year from Sinai that gave the Dead Sea super-galena its chance. For it was from Nubea, by the Red Sea, that the choicest and earliest and thus the most profitable, specimens came.

The success of these melons, and particularly of the Galea, might have been dulled this year by the arrival of heavier supplies from Spain, but officials in London of Agrexco, Israel's agency for horticultural exports, have been relieved to find that although Spain had managed to outpace the Galea, because of its watermelon hybrid, was available only from the country of origin, the margin of quality enjoyed by the indigenous product was enough to keep its price differential correspondingly up.

Doubt on Soviet grain pact

BY NANCY DUNNE IN WASHINGTON

THE CAST was changed, but apparently when Ronald Reagan assembled his cabinet, with George Shultz as Secretary of State the lineup in the dispute over a new grain pact with the USSR will remain unchanged.

with a crop estimated at any time in the past 15 years, the Soviets are importing about 45m tonnes. In Ottawa meanwhile Canadian External Affairs Minister Mark MacGuigan has confirmed that Canada has extended a credit of up to \$1.5bn to the Soviet Union to buy Canadian grain, reports Reuters.

Sugar values rise again

WORLD SUGAR prices rose again yesterday with the October position on the London futures market up \$9.10 per tonne on the previous day's close.

Change in EEC rice trade urged

BY OUR COMMODITIES STAFF

A DELEGATION from Britain's Food Manufacturers' Federation met Mr Paul Dalsager, the EEC's agriculture commissioner, in Brussels yesterday to press for action to open up the Common Market to imports of rice types which could not be grown in adequate quantity or quality in the Community.

Both sides described yesterday's 45-minute talks as "constructive." However, it remained to be seen, a spokesman said after the meeting, whether the Commission "had taken on board" that the manufacturers' main complaint was that the whole fundamental basis of the current EEC arrangements were misconstrued.

Chicken farmers' imports warning

MANY of Britain's poultry farmers face disaster if exports of cheap Common Market chickens and turkeys resume, the industry warned yesterday.

LONDON OIL SPOT PRICES

Table with columns for Oil Type, Price, and Change. Includes items like Arabian Light, Arabian Heavy, Brent, etc.

GAS OIL FUTURES

Table with columns for Month, Year, and Business. Includes items like July, August, September, etc.

BRITISH COMMODITY MARKET

Large table with multiple columns for various commodities like Base Metals, Silver, Copper, Tin, Lead, Zinc, etc., showing prices and changes.

PRICE CHANGES

Table with columns for Commodity, Price, and Change. Includes items like Metals, Rubber, Soybean Meal, etc.

AMERICAN MARKETS

Table with columns for Commodity, Price, and Change. Includes items like Metals, Rubber, Soybean Meal, etc.

GOLD MARKETS

Gold continued to advance in active London bullion trading. Good demand pushed up the metal to \$348-349, a rise of \$3 on the day.

LONDON FUTURES

Table with columns for Month, Year, and Business. Includes items like August, September, October, etc.

Advertisement for Commodity Analysis Limited, featuring text about commodity brokers and contact information.

Advertisement for Classified Advertisement Rates, featuring a table with columns for Ad Type, Rate, and Duration.

Advertisement for EUROPEAN MARKETS, featuring a table with columns for Commodity, Price, and Change. Includes items like Wheat, Corn, etc.

PROPOSED DEAL TO INJECT \$65M INTO SAXON FALLS THROUGH

Penn Square failure hits oil group

BY PAUL BETTS IN NEW YORK

THE FAILURE 10 days ago of Penn Square, the Oklahoma City bank which had been active in energy-related lending, appears among other consequences to have dealt a blow to the rescue hopes of another small U.S. oil company.

The agreement involved the acquisition of 80 per cent of Saxon's Oil stock for about \$25m by Mr James Lim, who has a substantial stake in the privately held Rock Island Refining Company, and Mr Gary Gray, president of Gibraltar Exploration. They said they would also arrange for \$85m of additional bank credit for the company.

When the letter of intent was signed, Saxon said the credit would enable the company to meet its cash requirements for the rest of this year and for the whole of next year, including all scheduled drilling in the Fletcher field in the Anadarko basin and other previously budgeted operations.

It had decided with other working interest owners to plug and abandon the Rother well in the Fletcher field. The well, in which Saxon had a 25 per cent interest, was drilling at 16,500 ft in Oklahoma.

Bank losses from collapse may be \$400m

BY DAVID LASCELLES IN NEW YORK

SEAFIRST, the largest bank in Seattle, disclosed yesterday that its losses from last week's collapse of the Penn Square Bank in Oklahoma, could amount to \$125m, or as much as \$40m more than that.

This provision is much larger than Seafirst had originally thought. When the crisis broke last week, the bank said that it would make a loss in the second quarter, but would still be ahead for the first-half including the first quarter's profits.

The biggest blow could, however, be borne by depositors, who had placed more than the \$100,000 insurable maximum with Penn Square. According to the Federal Deposit Insurance Corporation, there were about \$190m in such deposits at the time of the collapse. It is not clear how much—if any—of this will be recovered.

Irving Bank Corporation, parent of Irving Trust, reported a 15 per cent drop in profits, from \$23.8m (\$2.71) to \$20.2m (\$2.30) in the second quarter, mainly because of lower net interest income and higher non-interest expenses.

Chairman of United Artists quits

By Our Financial Staff

MR DAVID BEGELMAN, chairman and chief executive of the United Artists subsidiary of MGM-UA Entertainment, has left the company.

IBM registers strong growth

BY OUR NEW YORK STAFF

IBM, the world's dominant computer manufacturer, announced second quarter earnings 24 per cent up on last year. The company also reported a 15 per cent gain in first half earnings compared.

IBM's earnings were \$804m or \$1.37 on revenues of \$6.9b. For the first half, earnings rose to \$1.77m or \$2.98 a share from \$1.53m or \$2.62. Revenues were also up from \$13.4bn to \$15.1bn.

Further loss for Kaiser Aluminum

By Our New York Staff

KAISER ALUMINUM and Chemical, the third largest U.S. producer of aluminum, has suffered its third consecutive quarterly loss. Mr Cornell Maier, chairman, sees some signs of a turnaround in the industry but adds that "unfortunately that will not happen in time to avoid another loss (for the company) in the third quarter."

IC Industries slides further

By Our Financial Staff

THE EARNINGS reverse in the opening three months of fiscal 1982 has persisted in the second quarter at IC Industries, the railroad-based group which has expanded into consumer products and services.

Warner Communications ahead

BY OUR NEW YORK STAFF

WARNER COMMUNICATIONS, the U.S. communications company which owns Warner Brothers, the film studio, and the Atari electronic games concern, yesterday reported a strong gain in second quarter earnings.

The company's music business suffered from the softness of the industry, while Warner's film entertainment business saw operating income increase by 8 per cent to \$20m.

Steady advance at Marriott

By Our Financial Staff

MARRIOTT, the U.S. hotels and food services group, improved second quarter earnings from \$21.8m to \$22.4m, or from 81 cents per share to 82 cents. Revenues rose from \$463.6m to \$600.9m.

Dome gets go-ahead for Beaufort drilling

BY ROBERT GIBBENS IN MONTREAL

THE FEDERAL Government, through the new Canada Oil and Gas Lands Administration, has approved the drilling programme of Dome Petroleum and Gulf Canada in the Beaufort Sea, 2,500 miles north of Calgary.

International Paper still affected by depression

BY OUR NEW YORK STAFF

SALES and earnings continued to fall in the second quarter at International Paper, the world's largest paper manufacturer. Mr Edwin Gee, chairman and chief executive officer, blames the "difficult economic environment."

SALES and earnings continued to fall

because of last year's land sales to \$174.4m or \$3.29 a share. The second quarter brought a fall of 50 per cent in earnings—from \$94m or \$1.57 a share to \$41.2m or 70 cents a share—which is slightly better than the fall recorded in the opening six months of the year.

Dana still in reverse

By Our Financial Staff

DANA, the U.S. motor components and industrial products group, has reported a further decline in net earnings. Second quarter net profits were \$20.8m, or 57 cents a share, down 40 per cent from a year earlier. Sales declined 5.5 per cent to \$652m.

U.S. banks report reduced earnings

By Our New York Staff

TWO LARGE New York banks reported declines in profits yesterday as the harsh financial climate continues to take its toll.

Dollar bonds for EIB and American Medical

BY ALAN FRIEDMAN

PRICES of fixed-interest Euro-dollar bonds fell by up to 1 point on average yesterday as the market reacted to firmer interest rates, and to the rise in the U.S. Federal funds rate to around 13 1/2 per cent.

The six-month Eurodollar deposit rate increased by 1/2 per cent to 15 1/2 per cent, while Euro D-mark and Swiss franc deposit rates were each up 1/2 per cent.

The American Medical paper will be sold in \$100 denominations, enabling retail investors in Europe and Japan to play an active role.

Warner-Lambert sees recovery. A major redeployment of assets, said Mr Hagan. This confirms the opinions of some Wall Street analysts that Warner's restructuring plans have not yet been completed.

Warner-Lambert sees recovery

BY TERRY BYLAND IN NEW YORK

WARNER-LAMBERT, the New Jersey-based manufacturer of pharmaceuticals, non-prescription drugs, specialty foods and other health care items, has reported a significant upturn in sales of consumer products.

Warner-Lambert's earnings for the second quarter were \$32m, down 21 per cent from \$41.6m (\$5.87) in the first half of last year.

The Imed acquisition would dilute group earnings by 12 to 13c in the current year, but dilution would be "no higher" next year and would disappear by 1984.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18.

Table with columns: U.S. DOLLAR STRAIGHTS, Issued, Bid, Offer, Change, Yield. Lists various international bonds like Allied Irish, Amstar, Amstar Int'l, etc.

Table with columns: OTHER STRAIGHTS, Issued, Bid, Offer, Change, Yield. Lists various international bonds like Bell Canada, Can. Pac., etc.

Table with columns: DEUTSCHE MARK STRAIGHTS, Issued, Bid, Offer, Change, Yield. Lists various international bonds like Allianz, Australia, etc.

Table with columns: SWISS FRANC STRAIGHTS, Issued, Bid, Offer, Change, Yield. Lists various international bonds like Asahi, Asahi Int'l, etc.

Table with columns: YEN STRAIGHTS, Issued, Bid, Offer, Change, Yield. Lists various international bonds like Daiwa, Daiwa Int'l, etc.

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Companies and Markets **INTL. COMPANIES & FINANCE**

Flick sees sales and profits rise

BY JONATHAN CARR IN DUSSELDORF

FRIEDRICH FLICK, the industrial group which is one of West Germany's biggest family businesses, is forecasting higher sales and improved earnings this year after sharp setbacks in 1981. But it is still not happy about its overall performance.

Dr Friedrich Flick, managing board chairman, said total external sales of the group's consolidated companies had risen by 11 per cent in the first half year (to end June) to DM 4.5bn (\$1.82bn).

Almost all companies had also achieved better earnings. Dr Flick said, though the results of only two of them—the paper producer, Feldmühle, and the special steels concern, Edelstahlwerke Buderus—could really be called satisfactory.

He stressed that it remained unclear when a firm economic upswing would emerge at home—bringing the boost in the capital goods and building sectors on which Flick greatly depended.

Further, foreign demand—which had been the mainstay of business so far—had begun to slacken and it was impossible to tell if this was only temporary.

Dr Flick's worries are shared

by many German industrialists—just as the performance of his companies closely reflects the development of the West German economy as a whole.

The annual report for 1981, now released, shows a fierce profit squeeze—because of drastic increases in energy, raw materials, labour and interest costs which could not be wholly passed on in higher prices.

At first sight the rise in the net profit figure to DM 142.7m from DM 77.6m in 1980 seems to tell a different story. But this boost is mainly the result of extraordinary income, for example, through the sale of Flick's stake in the U.S. Filter Corporation.

The holding company had to take over losses of DM 38.5m from the chemicals and explosives group, Dynamit Nobel (whose sales, however, rose by 11 per cent to DM 2.5bn). And it sustained a loss of DM 25.5m from the Buderus group (of which Buderus-Edelstahlwerke is just one part).

Much of the Buderus loss was due to the slump in sales in the defence sector of Krauss-Maffei, the Munich-based member of the group which saw



Dr Friedrich Flick

turnover drop by DM 410m to DM 905m.

The sharp swings in Krauss-Maffei results, a characteristic of companies heavily involved in defence orders, often tend to distort the picture of Flick's performance. Overall group external sales rose by only 2.4

per cent (to DM 8.6bn) last year if the defence work of Krauss and Maffei is included—but by more than 8 per cent if it is not.

Dr Flick was visibly happy to report that the U.S. chemicals concern, Grace, in which Flick has a stake of more than 25 per cent, increased net earnings last year by 26 per cent to \$361m. He added wistfully that the U.S. concern had "an earnings power that cannot be achieved by most European companies."

First half 1982 company performances were given as: Buderus Group. External sales up by 16 per cent to more than DM 1.7bn. Krauss-Maffei sales alone were up by 48 per cent to DM 508m, thanks to increased deliveries of Leopard-2 tanks.

Dynamit Nobel. Sales up by 8 per cent to more than DM 1.4bn, despite disappointing results in plastics processing, Feldmühle. Sales up by almost 10 per cent to more than DM 1.2bn, with exports increasing by almost 18 per cent. The group benefits since the German paper industry is less affected by the general economic downturn than most other sectors.

AEG poised to receive more aid from Bonn

BY KEVIN DONE IN FRANKFURT

AEG-TELEFUNKEN, the financially-stricken West German electrical and electronics group, is expected to receive emergency support from the Federal Government and from its banking consortium today to stave off the danger of an imminent financial collapse.

The West German Cabinet is likely to signal readiness at its meeting today to grant a DM 600m (\$243m) loan guarantee to cover specific major capital equipment orders won by AEG in foreign markets.

Despite its financial difficulties AEG has continued to win major foreign orders, but this flow of new work has come under threat because of the company's tight liquidity position.

The usual performance bonds

and other guarantees which must be lodged when big export contracts are signed would usually be financed under AEG's existing lines of credit—but these are virtually exhausted.

The DM 600m export order loan guarantee expected from Bonn will cover financing needs during manufacture plus performance bonds. AEG's banking consortium has made it clear that it would not increase its already high exposure to AEG without parallel action from Bonn.

The banks themselves are expected to grant AEG further general liquidity of around DM 275m—given a positive decision from Bonn—albeit against specific collateral. It is thought this could include

securities against certain AEG shareholdings in companies such as Telenorma, held jointly with Bosch, or AEG-Kabel, held 98 per cent by AEG.

It is understood that some participants in the existing 24-member AEG banking consortium have refused to take part in the latest liquidity action. But in total they are thought to represent only around 5 per cent of the consortium. Included in the refusals are the one foreign member, the Schweizerische Kreditanstalt, and some private German banks.

Final details of the action to be taken by the banks and the Federal Government were hammered out yesterday in Bonn at a meeting between

Count Otto Lambdoff, the Federal Economics Minister, and Herr Manfred Lehmann, the Federal Finance Minister, and representatives of AEG and the banks. The Ministers will report to the Cabinet today.

Measures by both Bonn and the banks are designed to win a desperately-needed breathing space for AEG in which it can realise its ambitious rescue strategy—"AEG-83."

This includes the breaking up of the company into separate companies for capital goods and consumer goods manufacture and the involvement of an industrial partner—potentially General Electric Company of the UK—as a minority shareholder (40 per cent) in the proposed capital goods business, AEG-Technik.

Borel receives counterbid

BY OUR FINANCIAL STAFF

JACQUES BOREL, INTERNATIONAL, the French catering group which is the takeover target of hotels chain Novotel, has received a counterbid from Sodexho.

Sodexho, which owns 15.4 per cent of Borel and aims to increase this shareholding to a controlling 50.01 per cent, is offering FF 178.50 a share. The offer matches the level at which Borel shares were last traded—they were suspended last month—and it is backed by Codeo-UNA, a company which has a 27 per cent stake in Borel.

The new bid runs counter to an offer for Borel made

earlier this year by Novotel. At the end of 1980, following a string of annual losses and a management upheaval at Borel, Novotel acquired Borel's hotels division (Sofitel) in a deal which gave Borel a major shareholding in Novotel.

Borel's fortunes recovered sharply last year with operating profits for 1981 climbing to FF 69.5m (\$10.1m) from FF 17.2m in 1980.

Sodexho said yesterday that if it does not acquire the minimum 34.60 per cent of Borel it is aiming for, it will undertake to acquire 18 per cent of the company

KBB calls in consultant

BY WALTER ELLIS IN AMSTERDAM

KBB, the leading Dutch department stores group, which incurred a loss of nearly Fl 35m (\$12.8m) last year, is to call in the McKinsey Investigation Bureau to suggest ways of improving its business.

KBB (Koninklijke Bijenkorf Beheer) runs the Bijenkorf, Hema, Maxis, Praxis and Perry Sport stores, and is not yet thought to be back in profit despite measures taken last December designed to cut the workforce and streamline activities.

The group said yesterday that the decision to call in McKinsey was, however, no despairing

clutching at straws but an attempt to restore a competitive position at a time when trading generally was difficult.

Next month, KBB has to reach an accord in principle with its workforce on wage increases for 1982-83, and it will also be possible then to present to the unions a review of the company's performance over the last six months.

The group has already spent a lot of money on modernising its stores. But the cost of debt financing has proved considerable and the group has so far been unable to break the cycle of decline.

INTERNATIONAL APPOINTMENTS

Changes at Bank of Ireland

Mr Mark Hely Butchinson will succeed Mr R. Ian Morrison as chief executive of the BANK OF IRELAND group at the end of the current year. Mr Morrison will become deputy governor of the bank having been chief executive for the past 18 years. Mr Hely Butchinson who has been a director of the Bank of Ireland since 1975 joined the Guinness Group in 1985 and in 1973 was appointed

an executive director of the parent company, Arthur Guinness Soo and Co. Since 1977 he has been managing director of Guinness Ireland. He is chairman of the National Enterprise Agency. He will be relinquishing his appointments with Guinness and will become chief executive-designate of the Bank of Ireland Group on October 1. Mr James R. Beasley has been promoted to senior vice president

and general manager of BUTLER ASSOCIATES, INC., Tulsa, Oklahoma, a wholly-owned subsidiary of Willbros Energy Services Company which in turn is a wholly-owned subsidiary of Williams International Group, Inc.

Mr Peter Hooper has been appointed chief executive North America for the BANK OF IRELAND. Mr Hooper was formerly head of the Bank's corporate banking department in Dublin.

Mr Geoffrey R. Cross, formerly managing director of ICL, has been appointed to the board of OFFICE TECHNOLOGY. Mr Cross, who lives in the U.S., will play a special role in assisting OFFICE activities there.

Mr Sceptre RESOURCES CALGARY, has appointed Mr N. D. Knowles as vice-president, operations, with Sceptre's wholly-owned subsidiary, Francans Oil and Gas. Mr S. G. Weber has been appointed vice-president, Finance. He retains his previous position of treasurer and chief financial officer.

HARRIS CPN, has established a new operating division to centralise its activities in designing and building privately-owned communications systems, and has recruited the engineering chief of Alaska's showcase system to head the division. Mr George P. Roberts, who will be vice president-general manager of the telecommunication networks division, headquartered in Melbourne, Florida.

EL PASO EXPLORATION Company has made several executive changes: Mr L. G. Truby, vice president of production, has been elected a senior vice president with responsibility for the accounting tax and administrative functions. Mr Carl E. Matthews, Northwest regional manager of production in Farmington, N.M., has been elected a vice president with responsibility for drilling and production activities. Mr Hays R. Warden, director of accounting for The El Paso Company, has been elected controller and assistant treasurer. Mr Edward J. Coel, director of production, has become an assistant vice president and will be responsible for UK drilling and

production activities. Mr P. K. Butler, director of administration and forecast, has been appointed an assistant vice president and will continue to be responsible for these functions. All of the executives are based in El Paso, Texas.

Mr George Hilditch, branch manager of SWETT AND CRAWFORD's New York office, has been appointed assistant vice president. He continues to be responsible for the development and marketing of production in the New York area.

Mr Gerald L. Gitner has been designated senior vice president—planning and finance at PAN AMERICAN WORLD AIRWAYS. Mr Gitner was formerly senior vice president—marketing and planning.

Mr William E. Walters is to resign as president and chief operating officer of Pan American World Airways to accept the post of president and chief operating officer of Par-O-Lite, Inc. on July 15. Mr Acker, chairman and chief executive, will assume the additional responsibilities of president and chief operating officer.

Mr William E. Sanders has been named vice president—personnel and employee relations for SEARS, ROEBUCK AND CO. He succeeds Mr Charles F. Bacon, who is retiring.

Mr Albert J. Bismeyer III has been reappointed vice president of PHILIP MORRIS U.S.A. from August 1. Mr Bismeyer had been on loan since 1979 to The Seven-Up Company, another Philip Morris Incorporated operating company headquartered in St. Louis, Missouri. Mr Bismeyer will relocate to the New York area after August 1. As Seven-Up, Mr Bismeyer was senior vice president, corporate marketing, and then senior vice president, corporate planning and development.

Mr Robert E. Lennox, president of GENERAL INSTRUMENT EUROPE, has been given additional responsibilities as managing director of the France Division of the International Division which has headquarters in Chicago.

Mr Lennox has been president of General Instrument Europe for five years. He joined the firm in 1977 after a 25-year career with General Electric Company as president of GE Germany; European general manager of Consumer Electronics in Italy and vice president and general manager of Consumer Products, Mexico.

THE HONGKONG BANK GROUP

announces that on and after 14th July, 1982

the following annual rates will apply

Base Rate . . . 12%
(Previously 12½%)

Deposit Rate (basic) 9%
(Previously 9½%)

The Hongkong and Shanghai Banking Corporation
The British Bank of the Middle East
Mercantile Bank Limited
Antony Gibbs & Sons, Ltd.



KINGDOM OF SPAIN

Swiss Francs 150,000,000
Private Placement of Notes, Due 1987

Managed by

CITICORP INTERNATIONAL FINANCE S.A.

DOW BANKING CORPORATION
BANK OF TOKYO (SCHWEIZ) AG
MANUFACTURERS HANOVER TRUST COMPANY
SANWA FINANZ (SCHWEIZ) AG
BANQUE DE PARIS ET DES PAYS-BAS (SUISSE) S.A.
CHASE MANHATTAN BANK (SUISSE)

BANK OF AMERICA NT & SA
CHEMICAL BANK, NEW YORK
THE ROYAL BANK OF CANADA (SUISSE)
TRADE DEVELOPMENT BANK
BANCO EXTERIOR (SUIZA) SA, ZUERICH
FIRST CHICAGO S.A.

WIRTSCHAFTS- UND PRIVATBANK

These securities have been sold.

This announcement appears as a matter of record only.

May 1982

The undersigned acted as financial adviser to this transaction.
E.F. HUTTON INTERNATIONAL INC.

INSTITUTO DE CREDITO OFICIAL

Swiss Francs 100,000,000
Private Placement of Notes, Due 1987

Managed by

CITICORP INTERNATIONAL FINANCE S.A.

CIBC FINANZ AG
FIRST CHICAGO S.A.
MANUFACTURERS HANOVER TRUST COMPANY
SANWA FINANZ (SCHWEIZ) AG
BANK OF TOKYO (SCHWEIZ) AG

DOW BANKING CORPORATION
FUJI BANK (SCHWEIZ) AG
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
BANCO EXTERIOR (SUIZA) SA, ZUERICH
CHEMICAL BANK, NEW YORK

THE ROYAL BANK OF CANADA (SUISSE)

These securities have been sold.

This announcement appears as a matter of record only.

June 1982

The undersigned acted as financial adviser to this transaction.
E.F. HUTTON INTERNATIONAL INC.

WEST AFRICAN DRILLING INVESTMENT WADI CORPORATION LIMITED

Swiss Francs 65,000,000
Private Placement of Notes, Due 1989

Guaranteed by

SOCIETE NATIONALE PETROLIERE GABONAISE

and
THE REPUBLIC OF GABON

Managed by

CITICORP INTERNATIONAL FINANCE S.A.

LLOYDS BANK INTERNATIONAL LIMITED
BANK OF AMERICA NT & SA
CONTINENTAL ILLINOIS BANK (SWITZERLAND)

BANKERS TRUST AG
CHEMICAL BANK, NEW YORK

These securities have been sold.

This announcement appears as a matter of record only.

May 1982

Morgan Grenfell France S.A. acted as financial adviser to the issuer.

Companies and Markets **INTERNATIONAL COMPANIES and FINANCE**

This announcement appears as a matter of record only.

**DM 14,920,000
U.S. \$9,000,000**

Project Financing Term Loan

PACKAGES LIMITED
Lahore, Pakistan

Funds provided by:

International Finance Corporation
American Express International Banking Corporation
Standard Chartered Bank PLC
Abu Dhabi International Bank Inc.
European Arab Bank Group

*The loan is being made through
International Finance Corporation participation certificates.*

June, 1982

Korea favours merger of Dow units **Net profits at Koor stay ahead of inflation**

BY ANN CHARTERS IN SEOUL

THE KOREAN Government will not oppose the merger of Dow Chemical Korea, the wholly owned unit of Dow Chemical of the U.S., and Korea Pacific Chemical Corporation, in which Dow holds a 50 per cent stake, if the companies accept the integration. Mr Chang Sang-Hyon, director-general of the Ministry of Commerce and Industry said yesterday.

He said that although Dow had not requested any assistance in contacting the Korean shareholders in KPCC, he would arrange for Dow to have a chance to present its case, if it wished.

Mr John Hagaman, Dow Chemical's vice-president for Pacific operations and general manager in Korea, indicated that in principle the Government thinks the merger is in the best interests of the Korean

petrochemical industry. Dow, however, had seen little evidence that the Government is prepared to play an active role in the merger.

Dow has been pressing for the merger for about 18 months to improve the efficiency of the two companies. Together they run up losses of about \$60m in the past two years.

A contributing factor, Dow says, is the lack of experience of the Korean directors and senior officers in the joint venture. Dow's desire to replace them and merge the companies has strained relations between the U.S. company and the Koreans.

The Korean partner in KPCC is the Korean Pacific Chemical Holding Company which is listed on the Korea Stock Exchange and apparently has some 2,000 investors. KPCC is represented in the joint-

venture by four Korean directors who failed to show up at a recent board meeting when the merger was scheduled to be discussed.

"While on paper KPCC looks like a private enterprise," Mr Hagaman stated, "the Korean Government determines who the Korean directors and officers are." When the joint-venture company was founded 14 years ago, Dow's partner was a government-owned company. Although the company was later sold to private investors, the Government reserved the right to determine the directors. The Government says they only recommend directors to the shareholders.

Mr Chang indicated that since the Korean Government expects the participation of foreign companies, joint ventures and foreign technical cooperation in the country's

long-range development plans, it is concerned about Dow's difficulties and that the minister himself is trying to resolve the issue.

Mr Hagaman indicated that he hoped the Government is serious this time and that unless the Government gets involved the situation will only get worse.

"The idea of contacting the Korean investors in the holding company directly might be interesting," Mr Hagaman said. "At the time the idea of a merger was first raised, over a year ago, the price of the KPCC stock rose for two days until the directors vetoed the idea."

Dow is the largest foreign corporate investor in the country with in excess of \$130m in equity invested in both companies.

Net profits at Koor stay ahead of inflation

By L. Daniel in Tel Aviv

KOOR, the industrial holding company of the Israel Labour Federation, reports net profit for 1981 of Sh 1.6bn (\$120m at the end of 1981 exchange rate). If the share of local and foreign partners in the company's enterprises is deducted, Koor netted Sh 825m, a rise in real terms, after allowing for inflation, of 17 per cent. The return on the company's capital rose to 7.7 per cent from 6.9 per cent in 1980.

Total investments by the group last year came to \$306m (with Koor itself spending \$125m) and a similar rate of investment is programmed for the current year.

Despite the fact that both local and foreign demand has not risen as much as had been expected, last year's exports by Koor Enterprises came to \$452m, up 15 per cent on 1980. Exports in the first half of this year reached \$200m and although this represented a rise of 4 per cent on the first half of 1981, it fell 20 per cent short of target.

In all, 30 per cent of output is exported, the four leading enterprises being Tadiran Electronics (\$140m in 1981), Mahleshim - Agan, which manufactures pesticides and other agricultural chemicals (\$103m), Alliance Tires (\$45m), and Solam, which makes shells and other military hardware (\$42m).

HK suspends Japanese owned commodity trader

BY ROBERT COTTRELL IN HONG KONG

A MAJOR trading company on the Hong Kong Commodity Exchange, National Commodity Traders, has been suspended pending an official audit of its financial affairs. No comment was available from National yesterday, but it has been particularly active in trading gold contracts.

The order, which comes from Hong Kong's Commissioner for Commodities Trading under the Commodity Trading Ordinance, suspends National's legal registration as a com-

modities trader. The order will remain in force until the audit has been completed.

National is locally registered, but owned by Japanese interests. Japanese traders have been a driving force in developing the HKCE, which now has 154 full members.

The HKCE said statistics for the first half of 1982 show National accounted for 30 per cent of HKCE gold futures trading, 2.5 per cent of soybeans futures and 0.3 per cent of sugar futures.

Share issues expected for majority of Israeli banks

BY OUR TEL AVIV CORRESPONDENT


THE MAJORITY of Israeli banks are expected to receive Treasury permission to float new shares in the next few weeks. The Controller of Banking estimates that they will have to raise a total of Sh 7bn (\$280m) to prevent the erosion of their own capital by inflation.

United Mizrahi Bank, the country's fourth largest, has already said it intends to raise Sh 600m (\$24m) on the local stock market.

The "big three"—Bank Leumi, Bank Hapoalim and Israel Discount Bank—will decide on their policies once they have heard the Treasury's views.

Unless the political situation changes drastically, the banks should have little difficulty in placing the issues since banking shares, which account for more than 50 per cent of the value of all shares on the Tel Aviv market, are regarded by the public as both a kind of gilt-edged investment and as liquid assets despite the recently imposed 2 per cent levy on sales of all securities.

This announcement appears as a matter of record only.



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July 1982

Japanese bankers rush to California

BY LOUISE KEHOE IN SAN FRANCISCO

"OUR POLICY towards Japanese banks, and all foreign banks, is to allow them the same rights and privileges as U.S. banks." That is the official view of the Federal Reserve Board. In the eyes of many U.S. banks, however, the "rights and privileges" allowed to foreign banks in the U.S. go too far.

Like many industries in the U.S., Californian banks are feeling the threat of Japanese competition. They claim that the Japanese have access to low cost funds which American banks cannot attract, and that U.S. banking laws have given the foreign banks an unfair advantage by allowing them to establish nationwide networks of agencies and branches.

Japanese banks have been particularly aggressive in building up their operations in California where they represent the largest foreign group of

banks in the state.

In the 1970s Japanese banks rapidly expanded their overseas operations establishing an average of 36 new overseas offices per year. Starting almost from scratch in the early 1970s Japanese banks opened branches and agencies in the major banking centres of the U.S.—New York, Chicago and California. Today, most of the major Japanese banks are represented in the U.S. and now over half of the more than 400 overseas offices maintained by Japanese banks are in California.

"The expansion of Japanese banking in California can largely be explained by the rise in Japanese trade with the U.S.," according to an official of the Federal Reserve in California. "They followed their own customers into the U.S. market place."

California is attractive to Japanese banks because there is a large Japanese population here, because it is the closest US state to Japan, and because many Japanese companies do business here," adds an executive of one of the Japanese banks.

Building upon this "base load" of Japanese business in California, several of the larger Japanese banks have, however, gone on to attract business from U.S. companies and consumers. Japanese banks now represent a major source of funds for Californian companies.

Last year Japanese banks were one of the fastest-growing sources of business loans in the U.S., according to a recent industry study. Together they are estimated to have booked \$19.7bn in U.S. commercial loans, up 21 per cent from the previous year.

Currently 15 Japanese banks are represented in California and eight of them own California chartered banks — in effect domestic banks. Those without Californian charters maintain "agencies" which are empowered to grant loans, but not allowed to take domestic deposits. These agencies operate exclusively in commercial and wholesale banking.

Several of the Japanese-owned Californian banks also concentrate on business banking, although they are able to raise funds from domestic deposits too. A typical example would be the Japan California Bank, which is owned by Dai-ichi Kangyo Bank, the biggest of Japan's 13 City banks in terms of deposits. Dai-ichi Kangyo maintains an agency office in Los Angeles, while its U.S. subsidiary has two branches, in the industrial centres of San Jose and San Diego.

The larger Japanese banks have, however, built up chains of full service branches throughout the state, often through the acquisition of existing domestic banks. The largest includes the California First Bank, owned by the Bank of Tokyo, and Sumitomo Bank of California with 51 branches. Mitsubishi Bank has stated its intention of expanding its U.S. subsidiary and Sanwa Bank has established a network of branches through its acquisition of Golden State Bank.

California First Bank, a 78 per cent owned subsidiary of the Bank of Tokyo is the largest Japanese-owned Californian bank. With assets of \$4.1bn and deposits of \$3.5bn California First, with headquarters in San Francisco, is the seventh largest bank in the state, in terms of deposits, and

ranked around 50th in the U.S.

It was formed in 1975 by the Bank of Tokyo of California, with approximately 20 branches throughout the state, acquiring Southern California First National Bank, which had over 70 branches. Since the acquisition, California First has built up its branch network, adding four or five branches per year to a total now of 112.

California First is one of only two Japanese owned banks in California to have embossed retail banking — the second being Sumitomo Bank of California.

As the name of the bank implies, California First is anxious to present itself as a domestic bank. Japanese ownership is not, however, a handicap in attracting business in California, according to Mr Kenaga.

But in today's business climate, community banking does not do much for the profitability of U.S. banks. Accordingly, California First is now expanding its commercial banking activities, which currently account for just over a third of the bank's business. Unlike most Japanese banks here, California First says that only one fifth of its commercial loans go to Japanese (or Japanese affiliate) companies. Most — approximately \$80m last year — went to American companies.

The major uncertainty facing all U.S.-based banks, including the foreign owned, is a token for deregulation which would allow interstate banking. Many U.S. bankers believe that foreign banks, in particular the Japanese, will be at an advantage when and if interstate banking is allowed.

They argue that Japanese banks have already built up a network of interstate branches. Prior to the 1978 International Banking Act (IBA), foreign banks were allowed to establish offices throughout the U.S., subject to state laws. U.S. banks, on the other hand, are largely res-

tricted to their home states. The IBA forced foreign banks to declare a "home state" and forbid their expansion outside that state. By then, however, Japanese banks had already established themselves in the major banking centres of the country.

"The existing networks of branches and agencies give the foreign banks a technical advantage," concedes the Federal Reserve, but it also points out that there are some U.S. banks that also have branches outside their home states. Another peculiarity of U.S. banking law that works in favour of foreign banks is that whereas the foreign bank can open an "agency" office any-


where to offer loans, there is no equivalent freedom for U.S. banks. The lending power of foreign bank agencies is very high, since it is based on the assets of the parent bank. U.S. banks can and do operate local offices—so-called Edge Act corporations—outside their home states, but these are allowed to do only international business.

While Japanese banks may be well placed to take advantage of U.S. banking deregulation, they have a growing problem of their own sprung by trade frictions between the U.S. and Japan. In California, feelings run high on the issue of "the Japanese threat" and some Japanese bankers fear a backlash will hit their business.


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Barclays Bank PLC and Barclays Bank International Limited announce that with effect from the close of business on 14th July 1982, their Base Rate will be decreased from 12½% to 12% per annum. This new rate also applies to Barclays Bank Trust Company Limited.

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(both numbers inclusive)

for the year ending 15th June, 1982 in terms of Condition 4 (B) of the terms and conditions of the Notes. KD 8,800,000 principal amount of Notes remain outstanding after 15th June, 1982.

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July 8, 1982

Companies and Markets **INTL. COMPANIES & FINANCE**

Biotechnology finance fades

BY CHRIS SHERWELL, RECENTLY IN NEW YORK

THE RAPIDLY evolving biotechnology industry in the U.S. is facing a financial squeeze which has already produced the first bankruptcies in the field and is expected to result in a major shake-out of weaker companies over the coming months. Even the most respected biotechnology corporations are seeing investor interest wane as the early optimism continues to evaporate.

While part of the problem has been the recession, there have also been misunderstandings about the sensational laboratory techniques which first spawned the industry. Those techniques—of gene splicing (recombinant DNA technology) and of cell fusion (hybridoma technology)—look capable of revolutionising medicine, agriculture, and industrial chemistry. But for the moment most of their strength lies in their potential.

As a result there has been a growing realisation that business opportunities in microbiology have little in common with those in semi-conductor electronics. This has dulled the lustre of an industry whose high prospects initially seized the public imagination and allowed infant companies like Cetus to raise \$107m and Genentech \$89.5m when they went public. In its first hour of public trading last year, Genentech's stock rose from \$35 to \$89.

A catalogue of recent setbacks illustrates the seriousness of the upheaval confronting the fledgling industry.

In February, Bethesda Research Labs, a private concern, began a major corporate restructuring programme involving lay-offs for more than one-third of its employees.

In May, Southern Biotech of Tampa, Florida, having gone public last year and raised less money than hoped, ran out of cash and is being sued by creditors and employees. Previously the only company in the field reported to have closed was Biotechnologies Inc. of Connecticut.

Recent initial offerings by biotechnology companies going public have been cut in price and in number of shares. In February Collaborative Research, initially priced at \$13-\$17 a share and with 1.5m shares, came out at \$11 a share with 1.3m shares. Last year Hybritech, initially aiming at \$18-\$20 a share for 2m shares, cut its issue to \$11 for 1.1m shares.

Shares of the leading biotechnology corporations are at or near their worst levels. Over the

past year Genentech shares have fallen below \$30, while Cetus has dropped below \$10, having moved close to \$30 previously. A biotechnology stocks index compiled by James Karel and Glenn Holderreed of Dean, Witter, Reynolds in California hit a low point of 63.52 at the end of last month (April 24, 1981-100) at a time when the Dow Jones index stood around 78 adjusted to an equivalent basis.

Analysis points out that many biotechnology companies face problems in scaling up processes developed in the laboratory, feel somewhat hemmed in by regulatory requirements concerning their research, techniques and products, and need

The U.S. investor's enthusiasm for biotechnology stocks has cooled against the background of the financial squeeze that is being felt in the area, only in part as a result of the U.S. recession. The stocks are now seen as offering longer rather than short-term gains. A series of setbacks has left the sector with its first bankruptcies, and with a shaking out of weaker companies looked for in coming months. The resulting difficulties in the raising of finance means that companies in the field must now look for new ways of raising finance. Equity issues have met a poor response in several cases, and among the avenues now being explored are those of joining with bigger concerns

more highly skilled scientists than are presently available. In addition, there is increasingly powerful competition from Europe, including Britain, and from Japan.

There is general agreement that a shake-out in the U.S. industry has begun. Glenn Holderreed estimates that of the 35 publicly quoted biotechnology corporations, "some 10 to 20 per cent won't be around in 24 months' time." Nina Siegler of Paine Webber Mitchell Hutchins foresees a year of attrition as weaker companies lose access to funds.

As the enthusiasm of the equity markets has dissipated itself, the industry has cast round for other sources of cash and come up with several alternatives.

Contract research. For the hundreds of private companies in the industry, this remains a key source of funds. Arrangements vary: the biotechnology company's research may be funded by a major corporation which will develop an emerging product for the market-place, but the company may equally look for an "up-front" payment for work done or for royalties from a corporation which will then manufacture

and market a product.

Joint Ventures. Increasingly, large corporations are establishing joint ventures with biotechnology companies rather than doing the work themselves. A subsidiary of Syntex has linked with Genetic Systems in a \$9.5m 50-50 joint venture working on hybridoma technology, for example. On a more elaborate scale, Corning Glass has set up a new company with Genentech called Genecor to investigate industrial enzymes and chemical processes.

Acquisitions. Johnson and Johnson has bought \$14m-worth of stock in Enzo Biochem and put up \$6m for research. In the process it has acquired

exclusive rights to Enzo Biochem's most exciting product, called DNA Probe. These various types of financial injection, however, while necessary to sustain biotechnology companies, are not certain to produce the hoped-for results.

"When they developed the hand-held calculator," says Nina Siegler, "it was a product that could be sold and which could generate a cash flow. As the technology evolved, product lines closed and improved products came on the market; it was possible to see which way the industry was headed and to invest accordingly, in research, production, or marketing."

The biotechnology field is different, she says. "You can see the prospects opened up by recombinant DNA technology or by hybridoma technology. You can also see the opportunities created by large-scale production of insulin, or of interferon, or other drugs. But it takes time to perfect the techniques, apply them to mass production and to test and certify the small fraction of products which are promising as drugs. People don't appreciate that the returns on investment might take a decade or more—and are

still far from guaranteed."

This, she says, has been the problem with interferon. Traditionally with a new drug a company would spend years developing it, analysing its promise and funding research for one purpose or withdrawing money for another. But this happened behind closed doors. With interferon everybody knew that recombinant DNA technology permitted its easier production, and that it might be helpful in the treatment of cancer, certain viruses or even the common cold. But under the glare of publicity, the changing assessments of interferon have become the changing fortunes of companies working on it.

Genentech has also suffered the consequences of this sort of problem over its bacterially-derived human growth hormone, which might be used to treat dwarfism. Only last week its stock came under pressure on Wall Street because of increasing rumours of problems in clinical trials. The rumours had stemmed from announcements made at a scientific meeting.

Biotechnology companies clearly have trouble sustaining confidence in their work. The price of Cetus shares slipped last month when it was announced that Standard Oil of California (Socil) was pulling out of an arrangement with Cetus after doubts emerged over a project involving the development and mass production of 100 per cent fructose, the sugar found in honey which is sweeter than sucrose.

On insulin, which is traditionally extracted from the pancreas of pigs and is used to treat diabetes, interest has suddenly grown in the recent launch of human insulin by Novo Industri of Denmark. This has come ahead of its main competitor Eli Lilly and Co., which pays royalties to Genentech for the original cloning of the relevant genes. Assessments of Novo's product, made by a different process, could greatly influence judgments of the companies' future prospects.

The biotechnology companies, as they fight to develop their research findings, clearly face an equally tough battle to prove their standing and to remain flush with funds. It is a battle many of the companies will lose. But it is also likely that several strong biotechnology corporations will emerge with strong balance sheets and a degree of independence which will help bring microbiology's promise to fruition.

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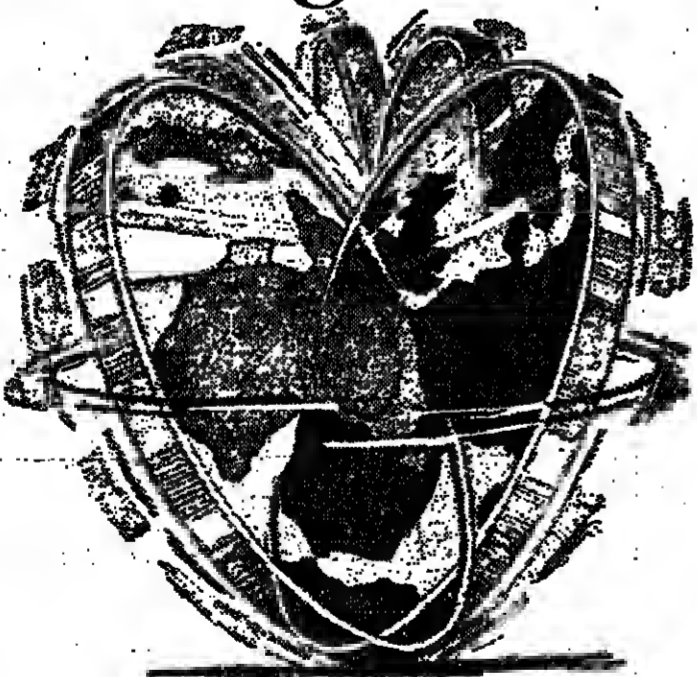
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July 14, 1982

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By: Citibank, N.A., London, Agent Bank
July 14, 1982

CITIBANK

WORLD STOCK MARKETS

Dow up slightly at mid-session

WALL STREET moved narrowly higher at mid-session after trading slightly easier most of the morning.

The Dow Jones Industrial Average lost 31 points in morning trading but changed direction and was up more than a point at midday. Advances edged out declines by a margin of about 30 issues on volume of about 35m.

Analysts attributed the morning's weakness to profit-taking after the market's steep gains of the prior two sessions.

Analysts noted that the market resumed its move upwards after IBM announced a 22.8 per cent gain in second quarter earnings, to \$1.68 a share.

Wall Street had been expecting a poor showing from second quarter corporate earnings and analysts said IBM's performance may have alleviated some of those concerns.

IBM rose to the top of the active list after announcing its earnings and gained 11 to \$94. The Nikkei-Dow Jones average gained 42.52 to close at 7,188.01, including ATT up 1 to \$53.10, Eastman Kodak 1 to \$76.10, Minnesota Mining 1 to \$55.10 and GM 1 to \$29.20.

Several Oil stocks turned up after considerable weakness in the group on Monday. Atlantic Richfield rose 1 to \$39.10, Superior Oil 1 to \$27.10, Standard Oil Ohio 1 to \$29.20 and Kerr-McGee 1 to \$29.10.

The NYSE All Ordinaries index was up 0.09 at 63.05. THE AMERICAN SE Market Value Index was at 249.84 on turnover of about 2.2m.

Stocks were mostly mixed at mid-session with Oil slipping but other Blue Chip stocks posted gains in active trading. The Toronto composite index was off 3.6 points at 1,333.4 but advanced late declines by 143 to 136 on volume of 1.84m shares.

Closing prices for North America were not available for this edition.

Stocks shed early gains to close around at about Monday's level. Prices met hard resistance when

the Hang Seng Index rose above 1,300, brokers said.

Shares opened higher in line with the London and overnight Wall Street closings, and Bullish sentiment was maintained by prospects of a cut in local interest rates.

The Hang Seng Index closed up 0.87 to 1,294.85 after rising 7.08 in the midmorning. Brokers said the undertone of the market was nevertheless firm since only a small amount of profit-taking was cited at the highs.

Leaders closed steady-to-higher, with HK Wharfedale up 2.5 cents to HK\$4.70, Wheelock "A" five to HK\$3.85, and Jardine Matheson 30 to HK\$17.10.

China Light, however, lost 10 cents to HK\$16.90.

Elsewhere, Carrigan Investments rose 7.5 cents to HK\$3.85, Far East Consortium rose to HK\$1.80, Paul Y ten to HK\$5.90, and Trafalgar five to HK\$2.95.

Singapore Prices closed narrowly mixed on profit-taking after a higher opening in selective, moderate trading.

Central Sugars rose 50 cents to S\$10.50, Fraser and Neave 10 to S\$6.20, while on the decline, Pegi fell 45 cents to S\$2.30, Straits Trading five to S\$5.35, and Malayan Banking five to S\$6.10.

The Stock Exchange Industrial/Commercial index rose 1.98 points to 321.10. The Straits Times Index closed at 679.30, up 3.70.

Hotels, Properties, Commodities and the second trading session were also mixed, where the index was in line with the general trend.

Prices were higher in moderately active trading with sentiment boosted by Monday's earlier Wall Street close, dealers said.

Expectations of some foreign exchange operators of lower U.S.

Germany Leading shares closed mixed with an easier bias as doubts over the recovery whether the U.S. Federal Reserve would relax policy far enough for U.S. interest rates to fall further, dealers said.

Yesterday's firmer dollar also deterred investors, and orders dwindled, revealing the fragility of Monday's advance. The Commodity Index fell 1.8 to 685.1.

Among Cars, Daimler rose 0.50 from Monday's close to DM 301, but BMW fell one to DM 203.50 and VW two to DM 137, while in Electricals, Set gained 1.90 to DM 229.50 and AEG 0.50 to DM 31, but Siemens shed 1.20 to DM 219.30.

Australia Prices eased, giving up a little of their gains of the previous two days. The market opened strongly but softened in morning trading and pre-unch gains were generally eliminated by the close of trading. The All Ordinaries Index was 1.6 points down at 454.3.

Brokers interpreted the easing trend to profit-taking lack of domestic institutional buying and pessimism on the Australian economic outlook. They noted that despite recent rises in metal prices, the mining sector remains still unprofitable.

Spain Prices opened the week lower across the board, continuing the recent trend and pushing the Index 0.85 points down to 86.61, the lowest this year, dealers said.

Banks and Monopolies led the fall as selling pressure, quiet trading, and a continuing desire in the ruling Centrist Party to elect a new leader overhauled the market, dealers said.

NEW YORK

Table of New York stock prices including columns for Stock, July 12, July 9, and July 13.

Stock

Table of various stock prices including columns for Stock, July 12, July 9, and July 13.

Stock

Table of various stock prices including columns for Stock, July 12, July 9, and July 13.

Stock

Table of various stock prices including columns for Stock, July 12, July 9, and July 13.

Stock

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NEW YORK

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SCOTCH WHISKY

The long summer silence in the Highlands

By Gareth Griffiths

THROUGHOUT THE Scottish Highlands and isles this summer, whisky distilleries are silent, as producers make an effort to cut back their production by extending holiday breaks. Normally the silent period as it is called, lasts for, at most, two months. This year it will be three months. Production during the year has been slashed by 40 per cent and a dozen distilleries have been shut down and put into mothballs. Most of the 125 malt distilleries have been on short-time and grain distilleries have been subjected to only slightly less severe pressure.

In Edinburgh and Glasgow, the market for whiskies bought and sold for blending, the so-called fillings markets, has collapsed. The largest brokerage house in the business, Stanley P. Morrison, now relies on its non-brokerage business to survive. Other casualties include the cooperage industry. Universal Container UK, Scotland's largest independent cooperage company, this month mothballed its Keith plant in the highlands because of the downturn.

Demand for whisky was down by about 4 per cent overall last year over 1980 with a sharper decline of about 10 per cent in the UK. However, because of the peculiar time scale on which the Scotch industry operates when production runs are for sale three to five years later, variations in the industry's production runs tend to be particularly large. A fall in sales and projected demand levels therefore has a proportionately far greater fall in distilling; a simple case of a geometric progression.

Scotch may be one of the UK's most successful exports bringing in more than £800m a year in foreign exchange but in terms of employment it is fairly small; about 20,000. The bottling and production side in Scotland but the sales teams almost all operate from London.

Scotch whisky's importance to the UK economy lies in its contribution to exports, not employment. But Scotch has a political dimension outweighing its employment contribution. The drink has been marketed as part of Scotland's cultural heritage and the role of the distilleries in the Highlands and isles, often providing a major

source of local employment, gives them a hold on Scottish emotions.

Some five miles south of Nairn on the Moray Firth is the Royal Brackla Distillery. Founded in 1812, Royal Brackla is a medium sized malt distillery with a capacity of about 750,000 proof gallons. It is a good indicator of what is happening in the sector. The 23 employees have mainly been with the distillery for many years and labour turnover is virtually non-existent. Together with the neighbouring estate, the distillery is the major employer for the locality. Wages in the distilling sector are not high: most men at Brackla earn less than £10 a week.

At the moment Royal Brackla is closed for its three month break. The silent season started on May 8 and it is reopening at the end of August. The burnished vats are being cleaned and the workforce used for maintenance jobs. The distillery, part of DCL's Scottish Malt Distillers, has been subjected to a series of measures to reduce its capacity; a four-day week, longer summer breaks two years running but SMD is keen not to mothball any distillery or introduce compulsory redundancies.

The malt distilleries are the showpiece for the Scottish whisky industry. All over Speyside, one of the traditional malt whisky centres, distilleries employ guides, open shops and promote the image of Scotch. Some distilleries such as the J. and G. Grant Glenfarclas-Glenlivet distillery in Ballindoch, Banffshire, have cashed in on the tourist interest in Scotch, making a determined pitch to boost sales via the visitors.

The core problem for Scotch companies is marketing. Scotch distilleries are efficient—they benefited from heavy capital spending in the late 1960s and early 1970s as happened at Royal Brackla—and have been vigorous in trying to save energy. There is very little they can do to alter their product. Most company executives regard product innovation as dangerous because customers are used to the same standards from a brand; when something new is introduced, consumer suspicions are aroused.



Pot still room at the Laphroaig Distillery, Isle of Islay.

Hugh Rousledge

Mr Ian Coombs, the chairman of Long John International, Whitbread's whisky subsidiary says that whisky companies have to make judgments on marketing that can prove very expensive if they go wrong.

"Every year we do a business plan and look at our major markets. We examine our performance in that individual market and try and look at what individual companies are doing. The base year on which to project your demand is very important and what has happened is that we got the base year wrong in the mid-1970s. 1978 was the best year ever for Scotch and we laid down our stocks from that basis." The trouble is that the costs of laying down such large stocks will adversely affect profits for the next few years, he adds.

Mr James Brunner, the export director of J. and B. Rare, Grand Metropolitan's whisky company, is one of the breed of people at the top of the industry who is likely to spend as much time in New York or Hong Kong as in London. His brand claims to be the best seller in the U.S., although DCL's Dewars is viewed by others to hold that position.

He has firm views on the importance of maintaining close contacts with the brand's distributors. (Scotch outside the UK is not sold directly by the company but through agents.)

"We see our distributors every other month for meetings but talk to them every week to discuss tactics about the brand. We have a very deliberate policy of planning the J. and B. Brand, particularly as it takes between 10 and 15 years to build up a market. Our cardinal principle is that we offer our distributors exclusivity for their market."

Distributors are crucial to the industry. It has enabled companies to obtain marketing outlets and organisations all over the world at little cost. Long John for example employs only five salesmen overseas. But the industry has had to share its profitable markets

with the distributors and mark-ups generally start at 100 per cent. Distributors have to pay half the promotion costs for most brands and that is seen as an increasingly important contribution.

Analysts are rather worried about the marketing ability of many whisky companies at a time when it faces strong competition from cheaper white spirits and can face trade barriers. The success of South African whisky sales for example have led to speculation that a discriminatory tax in favour of locally produced cane spirits will be introduced—another item in the Scotch Whisky Association's 400-item booklet on barriers against Scotch imports.

Worry about the marketing ability of the industry is not only felt in the City, but also among many Scotch executives

themselves. There is a feeling, aided no doubt by Calvinist guilt, that the industry had too comfortable a time during the post-war years. Money poured in during the 1960s as sales boomed at 10 per cent annual growth. Justerini and Brookes for example made enough money from J. and B. Rare to create International Distillers and Vintners, which was swallowed up later by Grand Metropolitan.

"We have got to develop the killer instinct," says Mr Donald Mackinlay, chairman of the Scotch Whisky Association's Information Committee. The companies are certainly developing a much keener concern about promotional work. Expenditure is soaring. Long John has seen a 40 per cent increase in spending in the past year. J. and B. has doubled its budget.

The sums can be quite substantial: \$4 per case on promotion is an industry average. This would cost J. and B. about £12m in the United States or Ballantines (Hiram Walker) £8m in Western Europe. Developing markets can take between 10 and 15 years to get right and the costs may be much higher and need to be sustained longer.

But the killer instinct extolled by Mr Mackinlay has been seen, in a figurative sense, in the expansion of Arthur Bell which now has 25 per cent of the UK whisky market and is doing surprisingly well in South Africa. The Bell success stems not from pricing where it has maintained a premium charge, but from aggressive marketing initiated by the company's chairman, Mr Raymond Miquel.

The technique has been simple if exhausting. Mr Miquel and his team charm the licensed trade in the UK by endlessly visiting its charity events and the like. The company's cost structure has been tight with modern production facilities. The result has been that UK sales have gone up from 1.4m cases in 1973 to 3.3m cases for 1981. Pre-tax profits in five years have increased from £7.5m to £20m, earnings growth has been 31 per cent and dividend increases 25 per cent.

At the other end of the spectrum is Tomatin which is a malt distiller for other blenders. Tomatin's management point out that the supplier is bound to be disproportionately affected by the downturn. Tomatin reported a pre-tax deficit of £2.37m on a turnover of £9.49m and at present the company is using 15 per cent of its 4.75m-gallon capacity.

Tomatin, like the rest of the distilling sector, is looking for an end to the destocking of whisky by the larger blending companies. The first indications of that will come from an in-

crease in the price companies pay each other for whisky to be used in blending.

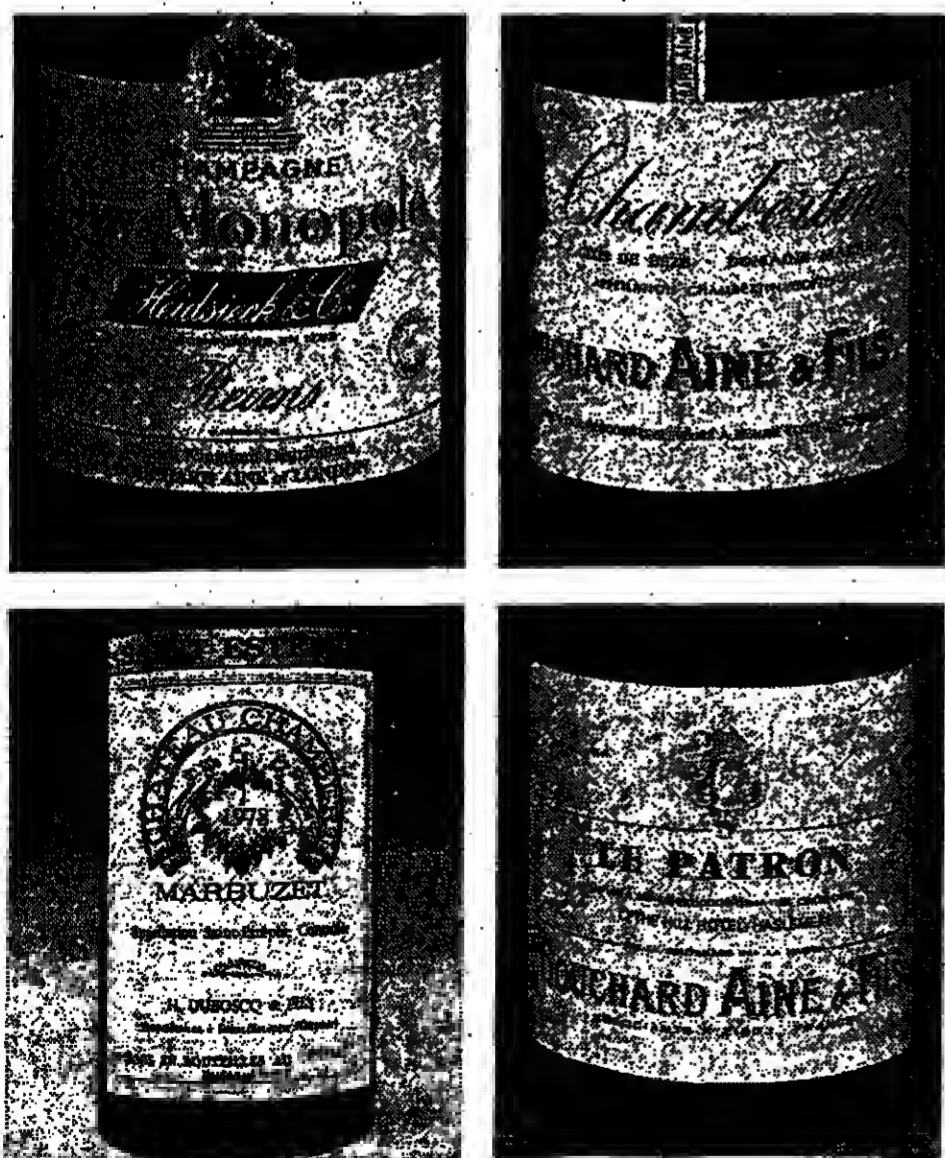
Sales of whisky for blending is nearly a closed market dominated by inter-company swaps. There are only five or six whisky brokers left in Scotland and a company such as DCL is self-sufficient in whisky and therefore does not buy in.

But the prices paid by the companies are the crucial signals the whisky industry looks to for signs of recovery. The gloomy news is there are few indications of any firming up yet. Tomatin's price tariff is 130p per litre of alcohol but a wide range of discounts can bring that price down to 121.8p per litre or less. This is only marginally up on the 115p charged last year and the 103p charged in 1980.

In any recovery grain whisky prices will show the first improvement. This is because grain whisky is not stored for the same length of time as the malts which provide the flavour of the blend. Some industry watchers now forecast a slight upturn in grain whisky prices at the end of the year. This would indicate supply is falling more into line with demand and more scope for increasing production next year.

The industry's hangover is made worse by the continued polarisation of the market between the more expensive top brands and the cheap whiskies. Apart from DCL's Johnnie Walker, the world's most popular whisky, no other brand has managed to establish a world-wide brand reputation. The diversity of the world market is likely to provide a means of survival for companies which in other industries with similar conditions might have been taken over or amalgamated. A brand which hardly sells at all in the United States might be a sure-fire success in Italy or the Far East.

What do wine drinkers look for?



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How can a label help you choose a good wine? It can tell you the type of wine, but not whether it is from the right source. The Appellation and the Vintage, but not the care taken in its fermentation and its maturation. The producer, but not how it is blended and bottled.

The shipper's name alone is your guarantee. Bouchard Aîné assure you of a high standard. Our name has maintained its reputation because we expertly select and carefully ship only the finest wines.

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Energy conservation is by no means exclusive to factories and blast furnaces. In fact, wherever fuel is in use, it can be saved.

Poole Borough Council opened their Dolphin Pool in 1975, just as fuel prices were rising steeply. The energy-conscious council brought in a number of 'good housekeeping' measures which soon brought gas use down by 10%.

Then they met with Southern Gas Technical Consultancy Service to discuss ways of saving more fuel, and identified a large area of heat loss.

The air in a swimming pool has to be changed several times an hour to keep it fresh.

As a consequence, over half a pool's energy goes in heating the air.

On the advice of Southern Gas engineers,

Poole Council invested in four heat recovery wheels, which filter heat out of the extracted air and transfer it to the incoming air.

This system has reduced fuel consumption by almost 40%, and it will pay for itself in three years. So, all in all, the Council have cut back the Dolphin Pool's energy costs by nearly 50%.

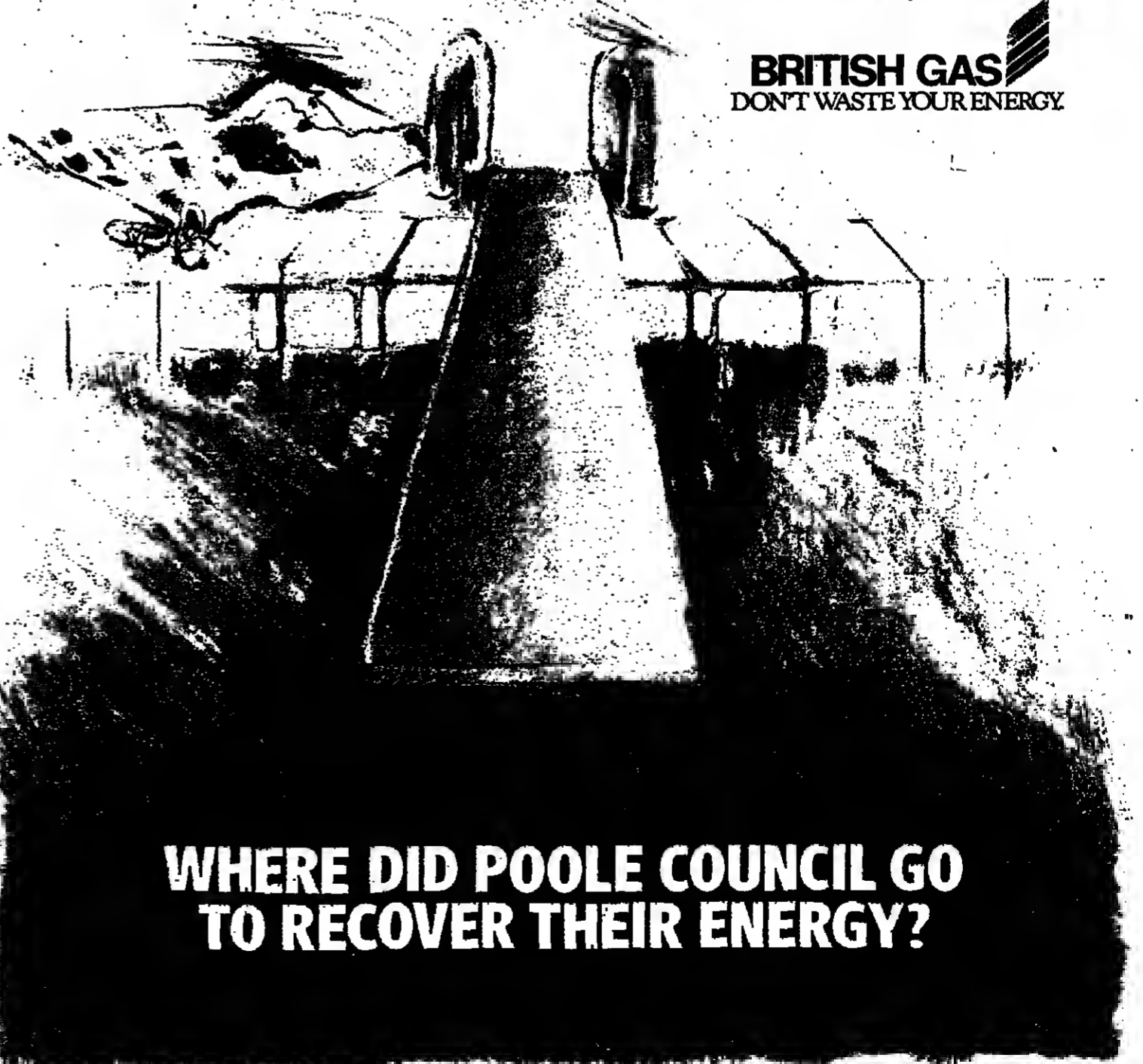
British Gas can show you many case histories where impressive economies have been made. For energy conservation is not only in the interest of the nation; it can also be highly profitable.

Contact your regional British Gas office and we'll help you to look at your own use of fuel. The sooner we can start, the sooner you will start saving.

There are, after all, as many ways of conserving energy as there are of using it.

But the rewards of a smaller fuel bill are the same for everyone.

BRITISH GAS
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WHERE DID POOLE COUNCIL GO TO RECOVER THEIR ENERGY?

ENERGY REVIEW

Power (and farmland) from the peat bog

By Richard Cowper, in Bandung, Indonesia

SOME SEE it as one of the more useless substances in the ground—a hazard to be avoided by farmers at all costs. Others, notably the Irish, have come to refer to it lovingly as their very own "brown gold." Most, however, and that includes many of those who possess it in the largest quantities, still regard it with plain indifference.

In time peat could, however, make a major contribution to the world's energy needs providing a relatively cheap fuel for heating, power and electricity in perhaps as many as 80 countries throughout the world. It could also release millions of hectares of currently unusable land for productive agricultural use.

For almost a decade Indonesia has been experimenting with ways to turn part of its 26m hectares of swampy peatlands to agricultural use. But without success. And until very recently the Government had given no thought at all to the possibility of harvesting its enormous peat resources for fuel. But last month Indonesia's Ministry of Mines and Energy invited 60 or so delegates from peat-producing countries all over the world to the west Javanese city of Bandung for an international conference to discuss the current state of the peat industry, and how it might apply to Indonesia.

Officials from Indonesia's Ministry of Mines and Energy learnt perhaps for the first time that Indonesia may have the world's fourth largest peat reserves. They also heard from enthusiasts from two of the world's leading fuel-peat producing countries—Finland and Ireland—that Indonesia has on its doorstep a major source of untapped energy. Soetoro Sigit, the assistant to Indonesia's Minister for Mines and Energy, said: "We don't even give peat a mention in our new energy diversification programme. I never realised its potential."

As an energy-hungry world continues to diversify out of oil and natural gas, peat may find itself fairly high up on the list of viable alternative energy sources. Although it is never likely to make as large a contribution as oil, gas, coal or nuclear power on a worldwide basis, in specific locations it could become a major source of energy.



Milled turf to rail wagons at an Irish peat-burning power station in County Offaly.

In the Republic of Ireland it is already doing just that. Though Ireland has less than 1 per cent of the world's peat reserves, after the Soviet Union it is the world's largest user of peat for energy. Fuel-peat, mainly used to drive electric power stations, accounts for around 20 per cent of the country's national energy supplies.

Peat is not a new form of energy. It has been burnt in homes for cooking and heating in several countries for at least 2,000 years. But it is only more recently that it has been excavated and processed on an industrial scale with the help of

Drained, dried out and harvested

modern boiler and processing technology. Peat production and utilisation technology is now well established in Finland, Ireland, the Soviet Union and China. A peat bog is drained, dried out and then harvested by specially adapted tractors which move along the spongy surface, shaving off around 2 centimetres at a time to produce what is known as milled peat. This is then used to fire large boilers in power plants or processed in factories into small blocks known as briquettes which are then sold to domestic consumers to use in house heating boilers or directly on the fireplace as with coal.

By far the largest use is for firing large power plants. Senior officials at Bord na Mona,

the Irish peat development authority, say that peat-fired power plants are currently around 20 per cent cheaper to run than oil or diesel fired plants. Peat also has an advantage over coal in that it has a very low ash content. Some Finnish officials claim that in Finland peat is currently capable of producing electricity at half the cost of heavy fuel oil.

Peat's main disadvantage as a source of energy, however, is its large volume which makes transporting it extremely costly. Most peat-using countries have found that it is only economical for power plants if they are located fairly near the source of production. In the short term this may prove a major limiting factor on the worldwide growth of peat as a major energy source because peatlands, by their very nature, tend to be found in sparsely populated regions.

In the mid-term however liquefaction and gasification could well provide a solution to this problem. Though the greatest research effort so far has been devoted to coal, peat has been receiving considerable attention in Finland, Sweden, Canada and the U.S. for several years. No practical applications have been made yet, but the use of peat fuel gas will be started within the next few years, at least in Finland.

Most countries with large reserves however still regard it as an unbooby nuisance. For peatland is normally swampy and almost completely useless for agriculture. Even if it is drained almost nothing will grow if the peat is more than one metre in depth. Many countries including Indonesia, Ireland and the USSR have ex-

perimented for decades on ways to make peatlands agriculturally productive but without success.

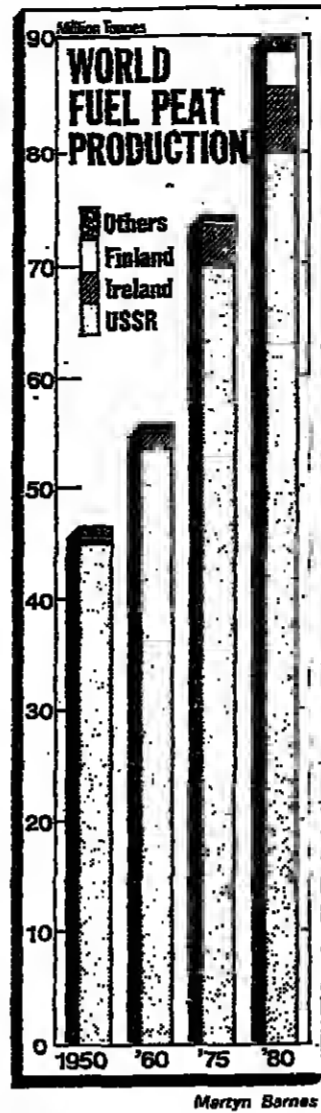
In the meantime hundreds of millions of acres of land spread throughout the world remain unproductive. Deep peatland is incapable of even supporting forests. The solution to the problem, say soil experts, is a simple one.

First harvest the peat (which in places can be up to 40 metres in depth), use it for energy, and then with the right drainage, fertiliser and irrigation, the soil underneath can often productively be used for agriculture.

No one knows precisely what world peat reserves are. It is clear however that they are considerable. A recent report on the worldwide use of peat prepared for the United Nations by the Ministry of Trade and Industry of Finland estimated world fuel-peat resources at around 100bn tons of oil equivalent or close to 50 per cent of known global natural gas resources. Peat therefore clearly offers a large potential source of energy.

The UN report estimates overall fuel-peat reserves at around 400bn tonnes measured at 40 per cent moisture, covering an area of at least 420m hectares. With the notable exception of the Soviet Union most countries possessing the largest reserves of peat have as yet done little to develop them as a source of energy.

Out of the 60 or so countries with known peat reserves four of them—Canada, USSR, U.S. and Indonesia—account for around 75 per cent of the world's peatlands and an est-



Maryn Barnes

accounting for about 90 per cent of total world production estimated at around 90m tonnes in 1980.

The Soviet Union has more than 4m hectares of peatlands currently in production and the 80m tonnes of fuel-peat produced every year meets around 2 per cent of the country's total energy needs. By far the largest proportion of fuel-peat is used to run 80 large peat-fired power stations. In rich peatland areas, such as the environs of Leningrad as much as 20 per cent of total demand is met in this way.

In the Republic of Ireland peat plays an even more impressive role in the country's energy economy. Ireland first began to develop its modern peat industry during World War II when imported coal was extremely difficult to come by. It is now the world's second biggest peat producer and has developed some of the most advanced industrial peat technology and mechanisation available.

Mr W. Maher, senior engineer at Bord na Mona says with obvious pride: "It may surprise you to know but Bord na Mona is today one of Ireland's largest companies. We manage 200,000 acres of bogland, and last year we had sales of £61m. With 7,000 full-time people on our payroll we are the country's single largest employer and our current capital development programme ending in 1986 is £182m."

Finland too—a comparative latecomer to the industry—also has ambitious expansion plans for its fuel peat industry. Using existing technology Finland has peat reserves equivalent to around 800m tonnes of oil. According to Mr Aassi Kalmari, manager of Ekono, Finland's leading peat engineering company, Finland currently has around 100 different peat plants ranging from 20kw to 200Mw, with peat accounting for around 3 per cent of the country's total energy.

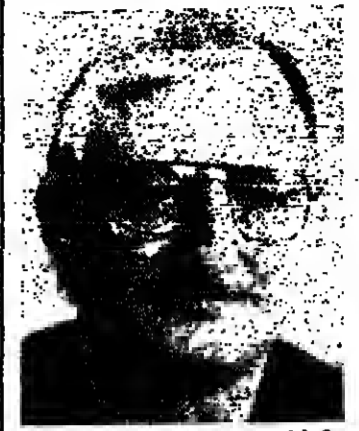
"Plans are now under way which will increase our peat consumption to around 10m tonnes a year. This is more than three times our current usage. By the year 2000 7 to 8 per cent of our energy needs will be met by peat. But what's perhaps most exciting is that peat gasification and the ability to run a diesel engine off peat fuel are both very close to the commercial stage," he says.

It has around 150m hectares of peatland containing an estimated 166bn tonnes of recoverable peat. This one country alone therefore accounts for about 30 per cent of known world peat reserves. It is also the biggest producer of fuel-peat in the world

APPOINTMENTS

Top posts at Argos

ARGOS, the catalogue showroom organisation, has appointed Mr Joe Phillips as chairman and Dr Mike Smith as chief executive. The moves follow the appointment of chairman Mr Tom McAuliffe as managing director. Littlewoods chain stores. Mr Phillips continues as



Mr J. M. Phillips, chief executive, Argos

chief executive, BAT Stores, the management and holding company for BAT Industries' UK retailing interests, of which Argos is part. Until his appointment to BAT Stores, Mr Phillips had been joint managing director with Mr McAuliffe since Argos' inception in 1973. Dr Smith was Argos' managing director.

Mr G. E. Ballard is retiring as managing director of GILBERT BROTHERS DISCOUNT on July 31, but will remain on the board in a non-executive capacity.

Mr Richard W. P. Luff, City Surveyor to the Corporation of London, has been elected president of THE ROYAL INSTITUTION OF CHARTERED SURVEYORS for 1982-83. He is only the third serving public officer in the 114 years of the Institution to be elected president. The new senior vice-president is Mr Clifford Dann of Clifford Dann and Partners. Mr Donald Tromp of Porter and Cobb was elected a vice-president. The two remaining vice-presidents are Mr Geoffrey Townsend of Turner and Townsend and Mr Paul Orchard-Lisle of Healey and Baker.

E. R. SQUIBB AND SONS INC. has appointed Mr J. Michael Sheasby as vice-president, finance and planning for Squibb Europe. He was formerly chairman of RCA Limited, UK and managing director of RCA Group Administration.

Mr Tony Derry becomes managing director of LONG JOHN INTERNATIONAL on August 2. This coincides with Mr Ian Coombs becoming finance

director of Whitbread International, Chiswell Street. Mr Coombs has been managing director of Long John International since September 1980.

J. HENRY SCHRODER WAGG & CO. has appointed Mr A. E. Forsyth, Mr N. R. MacAndrew and Mr I. P. Sedgwick as directors. Mr E. J. Crowder, Mr D. M. Salisbury, Mr R. N. Saxby-Soffe, Mr B. W. A. Swannell and Mr C. K. Talents have been appointed assistant directors.

BROWN SHIPLEY & CO. has appointed Mr Michael S. Cohen as a consultant. He recently retired from the partnership of Phillips & Drew.

Mr John F. O'Brien will be relinquishing his position as a director and chief financial officer of LRC International to take up an appointment as group finance director of ARTHUR GUINNESS AND SONS from August 16, following the retirement of Mr W. A. G. Spicer. Mr Paul Bristol, previously finance director of LRC products division, will be appointed to the board of LRC INTERNATIONAL as finance director.

Mr John H. Pate, a director of Powell Duffryn and chairman of the company's fuel distribution division, has been elected chairman of the CHAMBER OF COAL TRADERS. He succeeds Mr Peter F. Brewin.



Mr Keith Fuller, technical director, Racal-Decca Limited

Mr Keith Fuller has been appointed technical director of RACAL-DECCA, the parent company formed by Racal Electronics to manage the capital goods activities of the original Decca companies. He joins Racal after 25 years with Philips Research Laboratories, where he specialised in radar, navigation, avionics and electronic warfare systems.

Mr W. C. Corbett has been appointed aviation manager and underwriter for MINSTER INSURANCE from July 26.

"Recognized around the world. It is what you know" — Christopher Columbus

"Refundable on both sides of the Atlantic. Safe everywhere under the sun" — Lief Ericson

"Available in leading world currencies. A very practical invention." — Benjamin Franklin

"Accepted on both sides of the Alps, and almost anywhere else you're vacationing." — Hannibal

"Good in 160 countries. I wouldn't trade them for all the tea in China." — Marco Polo

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BankAmerica Travelers Cheques. World Money

Williams & Glyn's

Interest Rate Changes

Williams & Glyn's Bank announces that with effect from 14th July 1982 its Base Rate for advances is reduced from 12½% to 12% per annum.

Interest on deposits at 7 days' notice is reduced from 9½% to 9% per annum.

Williams & Glyn's Bank plc

Grindlays Bank p.l.c. Interest Rates

Grindlays Bank p.l.c. announces that its base rate for lending will change from 12½% to 12% with effect from 14th July 1982

The interest rates paid on call deposits will be: call deposits of £1,000 and over 9% (call deposits of £300 — £999 8%)

Rates of interest on fixed deposits of over £3,000 will be quoted on request. Enquiries: Please telephone 01-930 4611



Head Office: 23 Fenchurch Street, London EC3P 5ED

Clydesdale Bank

BASE RATE

Clydesdale Bank PLC announces that with effect from 14th July 1982 its Base Rate for lending is being reduced from 12½% to 12% per annum.

Midland Bank Interest Rates

Effective from 14th July 1982.

Base Rate

Reduces by ½% to 12% per annum.

Deposit Accounts

Interest paid quarterly on 7 day deposit accounts reduces by ¼% to 9% p.a. APR 9.3%.

Abatement Allowance

On ledger credit balances of current accounts which are subject to the standard personal current account tariff and do not qualify for free terms reduces by 1% to 5% p.a.



Companies and Markets

CURRENCIES and MONEY

Dollar firmer

The dollar showed a firmer trend in confused foreign exchange trading, with most demand for the U.S. currency coming from New York towards the close of trading in Europe.

Sterling was strong against most major currencies, but lost ground to the dollar. The expected cut in London clearing bank base rates did not depress the pound, although market sources suggested that the Bank of England may have intervened to prevent any sharp fluctuations in New York after the close of London trading.

DOLLAR - Trade-weighted Index (Bank of England) 121.3 against 120.2 on Monday, and 108.4 six months ago. Three-month Treasury bills 11.96 per cent (11.88 per cent six months ago). Annual inflation 6.7 per cent (6.6 per cent previous month).

STERLING - Trade-weighted Index 91.3 against 91.2 at noon, 91.1 at the opening, 91.2 at the previous close, and 90.3 six months ago. Three-month interbank 12.1 per cent (12.1 per cent six months ago). Annual inflation 8.5 per cent (8.4 per cent previous month).

D-MARK - EMS member (weakest). Trade-weighted index 124.2 against 124.7 on Monday, and 122.2 six months ago. Three-month interbank 9.475 per cent (10.25 per cent six months ago). Annual inflation 5.8 per cent (5.3 per cent previous month).

ITALIAN LIRA - EMS member (strongest). Trade-weighted index 53.6 against 53.7 on Monday, and 55.4 six months ago. Three-month interbank 20.7 per cent (21.1 per cent six months ago). Annual inflation 2.3 per cent (2.5 per cent previous month).

JAPANESE YEN - Trade-weighted index 132.2 against 133.4 on Monday, and 143.2 six months ago. Three-month bills 12.225 per cent (6.3975 per cent six months ago). Annual inflation 2.3 per cent (2.5 per cent previous month).

Swiss franc - Trade-weighted index 125.2 against 125.2 at noon, 125.1 at the opening, 125.1 at the previous close, and 125.1 six months ago. Three-month interbank 12.1 per cent (12.1 per cent six months ago). Annual inflation 2.3 per cent (2.5 per cent previous month).

THE POUND SPOT AND FORWARD

Table with columns: July 13, Day's spread, Close, One month, % Three months, % 6 months. Lists various currencies and their rates.

THE DOLLAR SPOT AND FORWARD

Table with columns: July 13, Day's spread, Close, One month, % Three months, % 6 months. Lists various currencies and their rates.

CURRENCY MOVEMENTS

Table with columns: July 13, Bank of England, Morgan Guaranty, % change, % change, Divergence. Lists currency movements.

CURRENCY RATES

Table with columns: July 13, £, \$, Note Rates. Lists currency rates.

OTHER CURRENCIES

Table with columns: July 13, £, \$, Note Rates. Lists other currencies and their rates.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, ECU, % change, % change, Divergence. Lists EMS European Currency Unit rates.

EXCHANGE CROSS RATES

Table with columns: July 13, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc. Lists exchange cross rates.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 13)

Table with columns: 3 months U.S. dollars, 6 months U.S. dollars. Lists FT London interbank fixing rates.

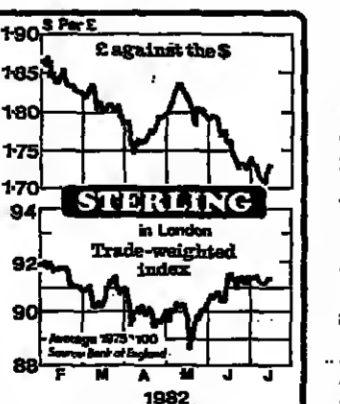
EURO-CURRENCY INTEREST RATES (Market closing Rates)

Table with columns: July 13, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, D-mark, French Franc, Italian Lira, Belgian Franc, Yen, Danish Kroner. Lists Euro-currency interest rates.

MONEY MARKETS

Bank base rates cut to 12%

UK clearing bank base lending rate 12 per cent (since June 14). Clearing bank base rates were cut to 12 per cent yesterday, down from 12 1/2 per cent while deposits for seven days fell to 9 per cent from 9 1/2 per cent.



unwinding of previous sale and repurchase agreements - £300m, Exchequer transactions - £50m, partly offset by a fall in the note circulation of £30m. The Bank gave assistance to the market of £30m at the same time cutting its dealing rates by up to a quarter of a point.

EUROCURRENCIES

Eurodollar rates firmer

Eurodollar rates were firmer yesterday following Monday's sharp fall. The market tended to react to the absence of Federal intervention on Monday to increase market liquidity and a firmer trend in Federal fund rates. However, the market appeared to be undecided as to short term trends in U.S. rates.

MONEY RATES

Table with columns: NEW YORK, Prime rate, Treasury bills, LOMBARD, Overnight rate, One month, Three months, Six months, FRANCE, Intervention rate, Overnight rate, One month, Three months, Six months, JAPAN, Discount rate, Call (interconditional), Bill discount (three-month). Lists money rates.

LONDON MONEY RATES

Table with columns: July 13, 1982, Sterling, Local Authority deposits, Local Authority negotiable bonds, Finance House deposits, Company Deposits, Treasury Bills, Eligible Bills, Fine Bills. Lists London money rates.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Large table listing various authorized trusts, their managers, and contact information. Includes columns for trust names, managers, and addresses.

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Table listing various insurance companies and their products, including Abbey Life Assurance Co. Ltd., Crown Life, and others.

Table listing various insurance companies and their products, including Life Assur. Co. of Pennsylvania, Norwich Union Insurance Group, and others.

Table listing various insurance companies and their products, including Standard Life Assurance Co., Sun Alliance Insurance Group, and others.

Table listing various insurance companies and their products, including Overseas Managed Funds, and other financial services.

OFFSHORE AND OVERSEAS

Table listing various offshore and overseas managed funds, including Franklin Trust Investment-GMBH, Free World Fund Ltd., and others.

Industrial & Commercial Advertising
 Contact LANGFORD-ALEXANDER ADVERTISING
 6, George Road, Edgbaston Birmingham B15 1NP
 021 455 9696

FT SHARE INFORMATION SERVICE

LOANS—Continued

1982	Stock	Price	%	Yield
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

BANKS & H.P.—Cont.

1982	Stock	Price	%	Yield
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

CHEMICALS, PLASTICS—Cont.

1982	Stock	Price	%	Yield
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

ENGINEERING—Continued

1982	Stock	Price	%	Yield
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982	Stock	Price	%	Yield
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

Five to Fifteen Years

1982	Stock	Price	%	Yield
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

Over Fifteen Years

1982	Stock	Price	%	Yield
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

Undated

1982	Stock	Price	%	Yield
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

Index-Linked & Variable Rate

1982	Stock	Price	%	Yield
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1982	Stock	Price	%	Yield
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1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

CORPORATION LOANS

1982	Stock	Price	%	Yield
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
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COMMONWEALTH AND AFRICAN LOANS

1982	Stock	Price	%	Yield
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1000	1000	1000	1000	1000
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LOANS Public Board and Ind.

1982	Stock	Price	%	Yield
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1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

FOREIGN BONDS & RAILS

1982	Stock	Price	%	Yield
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AMERICANS

1982	Stock	Price	%	Yield
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BANKS & H.P.—Cont.

1982	Stock	Price	%	Yield
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1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

BEERS, WINES AND SPIRITS

1982	Stock	Price	%	Yield
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BUILDING INDUSTRY, TIMBER AND ROADS

1982	Stock	Price	%	Yield
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BANKS AND HIRE PURCHASE

1982	Stock	Price	%	Yield
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1000	1000	1000	1000	1000

CANADIANS

1982	Stock	Price	%	Yield
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DRAPERY AND STORES

1982	Stock	Price	%	Yield
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ELECTRICALS

1982	Stock	Price	%	Yield
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Woolworths

1982	Stock	Price	%	Yield
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Woolworths

1982	Stock	Price	%	Yield
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Woolworths

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Woolworths

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Woolworths

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Woolworths

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Woolworths

1982	Stock	Price	%	Yield
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Woolworths

1982	Stock	Price	%	Yield
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Woolworths

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Woolworths

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Woolworths

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Woolworths

1982	Stock	Price	%	Yield
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Woolworths

1982	Stock	Price	%	Yield
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Woolworths

1982	Stock	Price	%	Yield
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Woolworths

1982	Stock	Price	%	Yield
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1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

Woolworths

1982	Stock	Price	%	Yield
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000
1000	1000	1000	1000	1000

Woolworths

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INDUSTRIALS—Continued

Table of industrial stocks including companies like Anglo American, Anglo Coal, Anglo Oil, Anglo Petroleum, Anglo Steel, Anglo Textiles, Anglo Chemicals, Anglo Electronics, Anglo Services, Anglo Finance, Anglo Real Estate, Anglo Insurance, Anglo Leisure, Anglo Motors, Anglo Aircraft, Anglo Shipping, Anglo Shoes and Leather, Anglo South Africans, Anglo Textiles, Anglo Newspapers, Anglo Publishers, Anglo Paper Printing, Anglo Advertising, Anglo Property, Anglo Trusts, Anglo Finance, Anglo Land, Anglo Investment, Anglo Oil and Gas, Anglo Overseas Traders, Anglo Rubbers and Sisals, Anglo Teas, Anglo Mines, Anglo Regional and Irish Stocks, Anglo Options.

LEISURE—Continued

Table of leisure stocks including companies like Anglo Leisure, Anglo Motors, Anglo Aircraft, Anglo Shipping, Anglo Shoes and Leather, Anglo South Africans, Anglo Textiles, Anglo Newspapers, Anglo Publishers, Anglo Paper Printing, Anglo Advertising, Anglo Property, Anglo Trusts, Anglo Finance, Anglo Land, Anglo Investment, Anglo Oil and Gas, Anglo Overseas Traders, Anglo Rubbers and Sisals, Anglo Teas, Anglo Mines, Anglo Regional and Irish Stocks, Anglo Options.

PROPERTY—Continued

Table of property stocks including companies like Anglo Property, Anglo Trusts, Anglo Finance, Anglo Land, Anglo Investment, Anglo Oil and Gas, Anglo Overseas Traders, Anglo Rubbers and Sisals, Anglo Teas, Anglo Mines, Anglo Regional and Irish Stocks, Anglo Options.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like Anglo Investment, Anglo Oil and Gas, Anglo Overseas Traders, Anglo Rubbers and Sisals, Anglo Teas, Anglo Mines, Anglo Regional and Irish Stocks, Anglo Options.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like Anglo Oil and Gas, Anglo Overseas Traders, Anglo Rubbers and Sisals, Anglo Teas, Anglo Mines, Anglo Regional and Irish Stocks, Anglo Options.

MINES—Continued

Table of mines stocks including companies like Anglo Mines, Anglo Regional and Irish Stocks, Anglo Options.

International Finance DAIWA SECURITIES

Central African

Table of Central African stocks including companies like Anglo Central African, Anglo Regional and Irish Stocks, Anglo Options.

Australian

Table of Australian stocks including companies like Anglo Australian, Anglo Regional and Irish Stocks, Anglo Options.

Tins

Table of tins stocks including companies like Anglo Tins, Anglo Regional and Irish Stocks, Anglo Options.

Miscellaneous

Table of miscellaneous stocks including companies like Anglo Miscellaneous, Anglo Regional and Irish Stocks, Anglo Options.

OVERSEAS TRADERS

Table of overseas traders including companies like Anglo Overseas Traders, Anglo Regional and Irish Stocks, Anglo Options.

RUBBERS AND SISALS

Table of rubbers and sisals including companies like Anglo Rubbers and Sisals, Anglo Regional and Irish Stocks, Anglo Options.

TEAS

Table of teas including companies like Anglo Teas, Anglo Regional and Irish Stocks, Anglo Options.

MINES

Table of mines including companies like Anglo Mines, Anglo Regional and Irish Stocks, Anglo Options.

Notes and footnotes regarding stock prices, dividends, and exchange rates.

Wallis
For
Construction
01-464 3377

Tarmac
Construction
Building Management
Tel 0902 22431

BSC HALVES PRE-TAX LOSS TO £335m

Steel cuts decision shelved

BY IAN RODGER

THE BRITISH STEEL Corporation has postponed until autumn a decision on whether to make further substantial cuts in capacity.

This emerged yesterday, with confirmation that BSC had met its revised forecast of last March and halved its pre-tax loss last year to £335m.

BSC aimed to keep the loss at £318m, but had to revise this upward when bad weather and rail strikes in January caused losses of £41m.

The corporation's review of its plant configuration, undertaken in spring in the light of a sharp fall in orders, was to be completed early in August.

But BSC officials have decided to wait and see if settlement can be reached quickly in the dispute over subsidised steel exports to the U.S.

BSC has given an unconditional mandate to Viscount Etienne Davignon, EEC Industry Commissioner, to negotiate a deal on the subsidy now with the U.S., but some European

steel companies are more cautious.

The Government and BSC are upset over the imposition by the U.S. last month of countervailing

BSC WEEKLY LOSSES	
	£m per week
1981 January-March	15
April-June	8
July-September	7
October-November	4
1982 December-January	8
February-March	2
Current	less than 2

ing duties of 40 per cent on BSC exports.

BSC has said it contemplated legal action against the U.S. Department of Commerce.

Tomorrow Mr Ian MacGregor, chairman of BSC and Mr Ken Binning, head of the materials and metals division in the Department of Industry, are to testify on the matter at a public

Department of Commerce hearing in Washington.

They will say that the Government subsidies to BSC have been aimed mainly at reducing surplus capacity, not at cutting BSC selling prices.

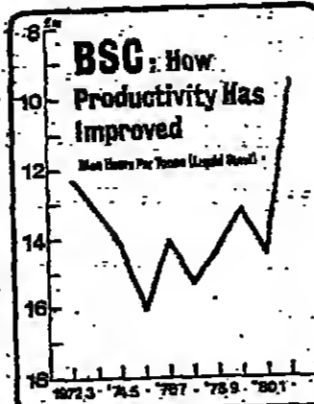
Thus they are seen not as having hurt U.S. steel-producers but as having eased some of the massive overcapacity in the world steel industry.

The high level of Government subsidies to BSC was emphasised yesterday with the publication of BSC's annual report and accounts for the year to March. BSC's loss last year was £504m, and capital spending was £164m. Its external financing requirements reached £894m, down from £1.1bn in 1980-81.

Losses were reduced by a combination of vigorous cost-cutting, higher sales volumes and higher prices in the EEC in the second half.

Though UK steel consumption dropped 4 per cent, BSC's increased exports and recovery of home market share enabled

it to raise production from 11.9m tonnes of liquid steel to 14m tonnes, very close to its 14.4m tonnes of capacity.



Capital spending plans for this year are £200m. The external financing limit set by the Government is £365m. Details, Page 6; French steel workers burn down HQ, Page 2; Men and Matters, Page 16

Tebbit will introduce third Bill on unions

By John Lloyd, Labour Editor

MR NORMAN TEBBIT, the Employment Secretary, yesterday gave virtual confirmation of his intention to introduce a third Employment Bill before the next election covering internal union procedures.

At the same time, the Government strengthened the present Employment Bill, now completing its progress through the Lords, by introducing an amendment. This aims to stop loopholes in the clause which outlaws contracts stipulating that only union labour may be used.

Mr Tebbit's intention to legislate was signalled in a speech to the House of Commons, in which he used the rail dispute to point up his thesis that union leaders failed to represent their members' wishes.

"When trade union leaders consistently refuse to acknowledge the need for reform in their own institutions... then even dovish Ministers such as myself have to pay heed. The demands for trade union reform are strong and they are growing. That is perhaps the only positive result so far of the rail strike. No Government can afford to ignore such insistent demands."

Asked after his speech if this meant he was convinced of the need for a third Bill, Mr Tebbit said: "It could be read that way, couldn't it? He added that a substantial period of consultation would be required.

It is understood that a Green Paper on union procedures is to be published in the next few months, and that a Bill could form part of the Queen's Speech at the end of 1982.

It is thought certain that such a measure would make it obligatory for unions to elect their executive committees by postal ballot. It could also include a measure to end the payment of the political levy, or to allow discretion regarding the party to which it was paid. Strike ballots, favoured by some Conservatives, are regarded with less favour.

The amendment to the present Bill—carried last night in the Lords with Liberal support by 144 votes to 48—was brought in once it became clear that Labour local authorities were circumventing the clause which outlaws labour only sub-contracts by obliging contractors to negotiate with unions.

Lord Mackay, the Lord Advocate, told peers: "We are not against employers recognising unions for negotiation and collective bargaining, but it should be an internal matter for an employer and his employees."

Tebbit derides union leadership, Page 11

THE LEX COLUMN

A grudging cut in base rates

"We are taking this early opportunity to reduce our base rates," said Mr Jeffrey Benson of National Westminster Bank yesterday. By "early" he must have meant early in the morning.

Compared with the way in which the clearing banks fell over themselves to cut base rates on the slightest pretext seven times between October and June, yesterday's performance ranks somewhere between reluctant and ungracious. Barclays showed what it thought of the move by making its announcement an uncharacteristic late among the big four.

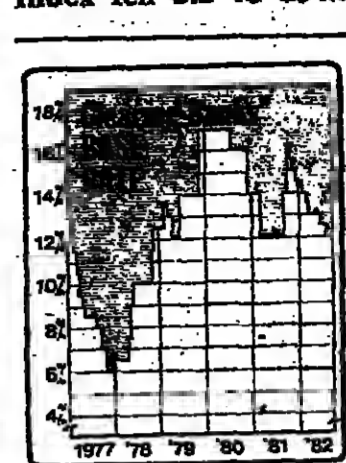
None of the clearers moved mortgage lending rates, despite all last year's pledges to keep these at the keenest possible level. That allows the building society movement to go back to sleep until its next meeting in September, which means that building society ordinary share rates will stay up for some time yet. And that is a big problem for the clearing banks, who are already losing deposits: last month's net building society inflows were over £400m for the third time running. The clearers' new seven-day rate of 9 per cent is simply not competitive.

In addition, there is no shortage of loan demand even at interest rates some way above the present level. However flat the economy may be, it is not for the lack of bank credit. The new level of base rates—12 per cent—has been the lowest point reached in the last two little interest rate cycles: rates have not been lower since the autumn of 1978, when they were rising sharply. For perfectly understandable reasons the monetary authorities have been manipulating rates downwards, but a fall in base and deposit rates is not really justified, yet by the supply and demand for funds in the banking system.

The competitive position of the banks relative to the building societies weakens as interest rates fall, and indeed the clearers must look on the prospect of further reductions with something like dread. Bank charges are already designed in such a way as to rise automatically at lower interest rate levels, and thus offset the loss of endowment income on current account balances. But corporate customers are already jibbing at the cost of banking services and the public, which has come to expect free banking as of right, may not be an easy touch.

Logically the banks should lose market share in both deposit-taking and lending if at

Index fell 3.2 to 554.3



a certain level of interest rates the corporate bond market reopens. Loss of business will be painful, given the difficulties of reducing the banks' fixed overheads. The bullish view is put by brokers Quilter Goodison in a blanket "sell" recommendation for bank shares.

They expect operating costs of the big four to rise to 81.5 per cent of total income next year, which compares with a 1979 level of 70 per cent. The gap between the average yield on funds and their average cost could shrink from 3.2 percentage points last year to little over 2 points. Even with higher bank charges and no extraordinary provisions, Quilter sees profits slipping nowhere. This sort of squeeze has looked likely in the past—but interest rates have a habit of going up and saving the banks' bacon.

Magnet & Southern

The carnage that has taken place in the timber sector makes Magnet and Southern's results for the year to March relatively sedate reading. Pre-tax profits have fallen by 15 per cent to £19.1m—or a quarter below the peak level in the year to March 1980. Volumes have been relatively resilient—at least by the standards of the sector—but the effective freeze on prices has squeezed margins.

In the Southern-Evans trading arm some price slippage has reduced profits by 14.5 per cent in spite of maintained volume. On the more important manufacturing side—Magnet Joinery—volume has come down by 6 per cent in the year, although this compares with a 10 per cent decline at the halfway stage and the implied second half improvement encompasses the bad winter weather, which probably

cost the overall group £1m in terms of lost profits.

While the rest of the sector has been contracting, Magnet and Southern has turned last year's net cash of £5.6m into debt approaching £1m, investing in 17 new depots, while a further £5.6m are planned. Several new products have been introduced while the group has bought aggressively and cheaply—already prices have risen by nearly a tenth from the depressed levels established in that sales schedule.

And it took very much as if the timing has been impeccable. In the first quarter of the current year volumes have risen by about 11 per cent, and the increase in profits may approach 20 per cent. So £24m pre-tax should be exceeded this year. At 188p down 8p yesterday, the share is in the mid-20s—but that would come down rapidly if there was a sustained recovery in demand. The Yield is 4.3 per cent.

British Steel

The continuous-bridge process employed by the British Steel Corporation has begun to hit a few snags, even though most of the technical problems have long since been tackled by market leaders round the world.

Labour extrusion, a crucial operation on which the corporation has been experimenting doggedly for a decade, has suffered from diminishing returns; savings from this technique dropped from 45,000 units to 17,300 in the year to April 3. Since wage increases have pushed up earnings by 14 per cent in the last twelve months, BSC has little to show in cash terms for these efforts. Total employment costs of £1.1bn are almost exactly where they were five years ago, while sales have risen only 10 per cent over the period to £3.4bn.

Price-uplifts were farmed out last year to an independent contractor—the European Commission—with the gratifying result that prices rose by a quarter between October and February. That will have had a lot to do with the rapid fall-off in BSC's weekly loss, from £15m in the first quarter of 1981 to just under £2m recently.

But that still represents a significant running loss. And the present combination of declining orders and rising imports in the UK—with incipient protection measures from the U.S.—could make it hard to justify even the corporation's modest output plans.

BNOC places £4.5m order abroad

BY RAY DAFTER

BRITISH National Oil Corporation is about to sanction the £900m development of a North Sea oil field, in hot water with the Government for placing a £4.5m order with overseas contractors.

In spite of pressure from Mr Hamish Gray, Minister of State for Energy, and Energy Department officials, it is understood BNOC has awarded a vital contract for work on the Beatrice Field with Gotaverken Arendal, of Sweden, rather than UK contractors.

The contract—yet to be announced—will involve the fabrication of accommodation units, and a helicopter deck for the second Beatrice production platform. About 14 per cent of the contract value will find its way back to the UK via consulting engineers Pell Frischmann and Partners, of London, which

has been retained to design the equipment.

Mr Gray is said to be extremely upset and unhappy with the BNOC decision. However, it is understood that he and officials of the Energy Department's offshore supplies office were told that Gotaverken's bid was at least 10 per cent below the quotes of the nearest UK contenders—William Press and Brown and Root.

The row has erupted as BNOC and its partners—Shell and Esso—put the finishing touches to a £900m development plan for the Clyde Field. The consortium is due to meet soon as a prelude to submitting formal development proposals to the Energy Department.

The application could be submitted within the next few weeks, BNOC hopes to receive development consent by the end



of the year in order to bring Clyde on stream by 1987.

BNOC and its partners wanted to start Clyde's development two years ago, but were held back by the Government,

largely because of the Treasury's concern about the impact of the corporation's investment on the Public Sector Borrowing Requirement. The sale of shares in BNOC's exploration and production business, due later this year, should remove the corporation from PSBR considerations.

The Clyde orders will be eagerly awaited by the UK offshore supply industry, which has been hit by a dearth of North Sea orders. Thousands of jobs are threatened unless new field development plans are approved soon.

North Sea oil operators, like BNOC, have agreed with the Government that they will give UK equipment suppliers and service companies a full and fair opportunity to compete for all orders.

£650m W. German credit deal for pipeline

BY KEVIN DONE IN FRANKFURT

A WEST GERMAN banking consortium yesterday signed a DM 2.8bn (£650m) framework credit deal with the Soviet Union to finance the export of West German equipment to be used in the building of the 2,500-mile natural gas pipeline from West Siberia to Western Europe.

The signing of the agreement, reached in principle a year ago, underlines West German determination to press ahead with the gas project in spite of the disputed U.S. bid to block the supply of equipment for the project from European companies using U.S. technology.

The credit deal, signed in Leningrad with the Soviet Foreign Trade Bank during a meeting of the West German

Soviet Banking Commission, allows Moscow an option to be exercised by the year-end, to increase the credit volume to DM 4bn.

The final volume of the buyer credits to be extended to Moscow will depend on the scale of the equipment contracts placed with West German companies, and these so far have been disappointing for German industry.

Most of the major items of equipment have already been ordered, with the lion's share going to Italy and France.

Major orders placed with German contractors include: ● Mannesmann's total work worth around DM 440m for equipment and engineering work for 22 of 41 compressor

stations. Mannesmann is joint general contractor with Crensol Loire of France for the stations on the line's northern section. In addition to engineering fees of about DM 80m it has gained equipment orders worth some DM 360m for compressor station piping and aids.

● Liebherr—the supply of 323 truck-mounted cranes worth DM 360m.

● AEG-Telefunken—the supply of 47 gas turbines made using technology supplied by General Electric of the U.S. worth around DM 660m.

Mannesmann is also supplying 1.2m tonnes of large-diameter pipes. Important equipment items such as the AEG turbines and five compressors ordered from

Mannesmann Demag fall under the trade embargo imposed by the U.S. and it is still uncertain whether they can be delivered.

The Deutsche Bank, which is heading the consortium along with a lead group comprising Commerzbank, Dresdner Bank, Westdeutsche Landesbank, Bayerische Landesbank and the DG-Bank, said yesterday that the financing would be limited to 85 per cent of the worth of each contract. The credits would be given at "market conditions" and would be covered by guarantees from Hermes, the state-supported export credit institution.

All the equipment packages are being financed initially by supplier credits—which will be replaced by buyer credits as equipment is delivered.

Banks cut base rates to 12% Continued from Page 1

their seven-day deposit rates by half a percentage point to 9 per cent.

The Council of the Building Societies Association is not due to meet until mid-September and while a specially convened meeting in the next few weeks is possible, it looks unlikely.

The societies point out that the demand for mortgages remains very high, despite competition from the banks, and they can lend all available funds. The failure of the banks to cut their mortgage rates for the time being has eased the pressure on the societies for an immediate change in their present interest rate structure.

Building societies last reduced their mortgage rates from a record 15 per cent to 13 1/2 per cent in March, since when bank base rates have fallen by a further 1 percentage point. Most of the clearing banks charge 13 1/2 per cent for home loans though they claim that different methods of calculating interest payments make their mortgages fully competitive with those of the societies.

When the societies do decide on interest rate changes, an attempt at reduction of 1 per centage point seems the most likely outcome, although any further general interest rate reductions over the next few

weeks would influence the final outcome. The societies are also anxiously watching the performance of National Savings, their biggest competitors in the savings field.

The societies' heavy lending programmes were again underlined yesterday with the publication of mortgage statistics for June. They showed that while net receipts reached £429m, the third consecutive month they have been above £400m, the societies lent a record £1.36bn to homeowners and promised to advance a further £1.4bn to mortgage applicants.

Mr Richard Weil, secretary-general of the Building Societies Association, said receipts in July so far had remained high. The period of "phenomenal growth" in lending was, he said, coming to an end, although he expected high lending levels to be maintained for the next few months at least.

The Bank of England cut its intervention rates by another 1/16 of a percentage point yesterday. However, UK money market rates failed to respond. The seven-day inter-bank rate fell by 1/16 per cent, but three-month rates remained unchanged and one-year rates rose by 1/16 of a percentage point.

ICL said last night that it still believed the Commission cannot deliver the industry from its problems.

EEC to look at cartel

The EEC industry is working at only an estimated 60-65 per cent of installed capacity, and losses are, on some calculations, up to £1.5bn a year.

The idea of a "benign" cartel, in which there is no question of price-fixing or other interference with market mechanisms, stems in large part from the five-year-old EEC man-made fibre producers' arrangement due to end in October.

Though the EEC-backed grouping was for a time highly controversial and drew some criticism from the U.S., it is credited with having cut some 300,000 tonnes of excess capacity from the industry's 2m-plus tonnes.

Its failure has been inability to promote radical restructuring in the Italian industry. Brussels experts believe a similar problem would face any future petrochemicals cartel.

Industry experts suggest that the decision to hold today's exploratory talks reflects the urgency of the plastics pro-

ducers' problems. It was expected that talks between the Brussels authorities and the major companies would be toward the end of the year.

Sue Cameron writes: All the companies going to see Viscount Davignon, today, have suffered big losses on their plastics and petrochemicals businesses.

But last night it was far from clear that the six were all equally keen to have a fibre-type agreement for petrochemicals and plastics.

Mr John Harvey-Jones, chairman of ICI, for example, will attend the meeting but it is thought he is going only to keep a watching brief. ICI said last night that it still believed the Commission cannot deliver the industry from its problems.

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Continued from Page 1

Acas in rail move Continued from Page 1

have been that the flexible rostering imposed by BR at 70 drivers' depots should remain in force and that Aslef should call off its strike and recall immediately a policy-making delegates assembly to reconsider its opposition to the whole issue.

If accepted, these proposals would amount to a virtual capitulation by Aslef, though it was hoped that because they had come via Acas, they might be more acceptable.

Weather

UK TODAY

CLOUDY with outbreaks of thundery rain. Brighter later with showers. Dry with sunny periods in the north.

Most of England and Scotland. Thundery showers. Sunny periods. Max. 23C (73F).

Wales, W. of England, Isle of Man, N. Ireland and W. of Scotland.

Cloudy with rain, heavy and thundery at times.

Outlook: Changeable.

WORLDWIDE

	Yday	midday	Yday	midday
	°C	°C	°C	°C
Algeria	32	32	Angl	21
Amst	28	28	Antw	21
Andm	28	28	Berlin	21
Athens	28	28	Bombay	28
Bahrin	35	35	Buenos	21
Batavia	28	28	Calcutta	28
Bombay	28	28	Cairo	28
Buenos	21	21	Colon	28
Calcutta	28	28	Hankow	28
Cairo	28	28	Hongkong	28
Colon	28	28	London	15
Hankow	28	28	Lyons	21
Hongkong	28	28	Manila	28
London	15	15	Medan	28
Lyons	21	21	Osaka	28
Manila	28	28	Paris	21
Medan	28	28	Rangoon	28
Osaka	28	28	Singapore	28
Paris	21	21	Tokyo	28
Rangoon	28	28	Yokohama	28
Singapore	28	28		
Tokyo	28	28		
Yokohama	28	28		

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